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WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

January 9, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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Victor G. Makras, Vice President
Frank L. Cook
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Ashok Kumar Bhatt

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City Distribution Division
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Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 244, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-5163; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a. San Francisco Water Alliance Monthly Report. (Kluesener)

   b. Personnel Hiring Process Report. (Madden)

8. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

SFPL: ECONO JRS 08/07/04 51

REGULAR BUSINESS

9. To consider adoption of the 2000 Urban Water Management Plan Update. (Continued from the meeting of December 12, 2000.) (Carlin)

   Staff Recommendation: Adopt the 2000 Urban Water Management Plan Update.

10. Discussion and possible action related to a grant from the California Energy Commission. (Park)

    Staff Recommendation: Authorize the General Manager of Public Utilities to accept and expend $19,200 from the California Energy Commission's Peak Load Reduction Grant Program.

11. Discussion and possible action related to purchase of wholesale power. (Park)

    Staff Recommendation: Direct the General Manager of Public Utilities to request a supplemental appropriation of $18 million for the purchase of wholesale power to meet municipal and contractual sales obligations through June 30, 2001.

LEASES AND PERMITS

12. Discussion and possible action related to an Easement Deed to Enterprise Drive, LLC. (Dowd)

    Staff Recommendation: Authorize the General Manager of Public Utilities to execute an Easement Deed to Enterprise Drive, LLC for roadway access over SFPUC land, Parcels 1224(2), 1272, and a portion of Parcel 1271(3) of Bay Division Pipelines No. 1 and 2 right-of-way and a portion of abandoned Chestnut Street in Newark, Alameda County; and request the Director of Property to prepare and submit a legislation to the Board of Supervisors for the conveyance of the Easement Deed.

13. Discussion and possible action related to a lease with Darrell Reed. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Darrell Reed, for the use of approximately 1,500 square feet of land owned by the SFPUC located along a portion of the sewer box right of way, north of Napoleon Street, east of Jerrold Street in San Francisco, for storing scaffolding materials, for a term of five years at an annual rental rate of $4,320.

14. Discussion and possible action related to a sewer easement exchange. (Dowd)

Staff Recommendation: Terminates the existing sewer easement on a portion of Assessor's Block 3751, Lot 410; and accepts the replacement sewer easement between Tandang Sora Street and 4th Street in San Francisco granted by Armax Yerba Buena LLC.

CONSTRUCTION CONTRACTS

Advertise

15. Discussion and possible action related to Hetch Hetchy Contract No. HH-885. (Quan)

Staff Recommendation: Reject all bids received for Hetch Hetchy Contract No. HH-885, O'Shaughnessy Dam Electrical and Mechanical Upgrade; approve the revised plans and specifications; and authorize readvertisement of the contract as Contract No. HH-885R.

Award

16. Discussion and possible action related to San Francisco Water Department Contract No. WD-2215. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2215, 8-Inch Ductile Iron Main Installation in Sacramento Street between Divisadero Street and Gough Street, in the amount of $697,120 to P & J Utility Company.

17. Discussion and possible action related to San Francisco Water Department Contract No. WD-2265. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2265, 12-Inch and 16-Inch Ductile Iron Feeder Main Installation in Washington Street between Laguna and Jones Streets, in the amount of $820,886 to JMB Construction, Inc.

18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2310. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2310, 8-Inch Ductile Iron Main Installation in Page Street between Franklin Street and Divisadero Street in the amount of $830,631 to J. Flores Construction.

19. Discussion and possible action related to San Francisco Water Department Contract No. WD-2322. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2322, Key Motorized Valves, Phase 1, in the amount of $1,774,200 to A. Ruiz Construction.

20. Discussion and possible action related to San Francisco Water Department Contract No. WD-2354. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2354, San Pedro Valve Lot Improvements, in the amount of $1,049,982 to Mitchell Engineering.

21. Discussion and possible action related to San Francisco Water Department Contract No. WD-2358. (Quan)

Staff Recommendation: Award San Francisco Water Department Contract No. WD-2358, Seismic Anchorage of Equipment at Crystal Springs Pump Station, Pulgas Pump Station, and Polhemus Treatment Facility, in the amount of $169,369 to Valentine Corporation.

22. Discussion and possible action related to Clean Water Enterprise Contract No. CW-283. (Quan)

Staff Recommendation: Award Clean Water Enterprise Contract No. CW-283, Davidson Street Sewer Debris Removal, in the amount of $214,000 to Proven Management, Inc.

Amend

23. Discussion and possible action related to Clean Water Enterprise Contract No. CW-216. (Quan)

    Staff Recommendation: Approve Modification No. 1 to Clean Water Enterprise Contract No. CW-216, Oceanside Water Pollution Control Plant Parallel Electric Service Feeder, increasing the contract amount by $19,909, with a time extension of 11 days.

24. Discussion and possible action related to San Francisco Water Department Contract No. WD-2184. (Quan)

    Staff Recommendation: Approve Modification No. 2 to San Francisco Water Department Contract No. WD-2184, Crystal Springs Pipeline No. 1 Replacement, increasing the contract amount by $391,315, with a time extension of 60 days.

25. Discussion and possible action related to San Francisco Water Department Contract No. WD-2283. (Quan)

    Staff Recommendation: Approve Modifications No. 1 and 2 to San Francisco Water Department Contract No. WD-2283, Clarendon Pump Station and Pipelines to Stanford Heights and Summit Reservoirs, increasing the contract amount by $738,918.28, with a time extension of 30 days.

Close

26. Discussion and possible action related to Clean Water Enterprise Contract No. CW-120. (Quan)

    Staff Recommendation: Accept work performed under Clean Water Enterprise Contract No. CW-120, Illinois/Cesar Chavez Sewer Replacement, approve modification No. 1 increasing the contract amount by $94,566; and authorize final payment of $126,622 to Troy Contracting/D'Arcy & Harty Construction, Inc, Joint Venture.

27. Discussion and possible action related to Clean Water Enterprise Contract No. CW-130. (Quan)

Staff Recommendation: Accept work performed under Clean Water Enterprise Contract No. CW-130, 3rd/20th/42nd Avenues Sewer Replacement, approve modification No. 1 increasing the contract amount by $64,340; and authorize final payment of $69,435 to D'Arcy & Harty Construction, Inc.

28. Discussion and possible action related to Clean Water Enterprise Contract No. CW-226. (Quan)

Staff Recommendation: Accept work performed under Clean Water Enterprise Contract No. CW-226, Fulton & Vicente Pump Station Abandonment, approve modification No. 1 increasing the contract amount by $9,229 and extending completion time by 35 calendar days; and authorize final payment of $18,568 to Millard Tong Construction Co.

29. Discussion and possible action related to Clean Water Enterprise Contract No. CW-231. (Quan)

Staff Recommendation: Accept work performed under Clean Water Enterprise Contract No. CW-231, Leavenworth Street Sewer Replacement, approve modification No. 1 decreasing the contract amount by $36,601 for a final contract amount of $538,469; and authorize final payment of $113,201 to D'Arcy & Harty Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

30. Discussion and possible action related to Agreement No. CS-654, Small Business Technical Assistance Program. (Continued from the meeting of December 12, 2000. Proposed for continuance to January 23, 2001.) (Medbery)

Staff Recommendation: Authorize the Manager of the Bureau of Environmental Regulation and Management to advertise and request proposals for Agreement No. CS-654, Small Business Technical Program, to provide specialized pollution prevention technical assistance to the Bureau of Environmental Regulation and Management.

CLOSED SESSION

31. Public comments on matters to be discussed in Closed Session.

32. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

33. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

    Position: General Manager, Public Utilities

34. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

    Existing Litigation: John Longinidis, Case No. 00W6011-1.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

35. Announcement following Closed Session.

36. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

January 9, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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Hetch Hetchy Water & Power
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BUREAUS
Commercial Land Management
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Environmental Regulation and Management
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Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:45 P.M.

2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

   Excused - Commissioner Ann Moller Caen

3. Approval of Minutes

   Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the Minutes of the Regular Meetings of September 26, 2000, November 14, 2000, and November 28, 2000; passed (4-0) unanimously.

4. Communications

   No action was taken.

5. Old/Ongoing Business by Commissioners

   There was no discussion.

6. Introduction of New Business by Commissioners

   President Normandy directed staff to provide the Commission with additional information relative to the new Board of Supervisors' legislation concerning urban trees and any possible effects to trees on SFPUC watershed lands.

7. Report of the General Manager

   a. San Francisco Water Alliance Monthly Report.

      John Kluesener, Program Manager for San Francisco Water Alliance (SFWA), reported about SFWA's key accomplishments during the month of December 2000: (1) reviewed Utilities Engineering Bureau's estimating process and conducted cost estimate reviews on 14 projects; (2) submitted a Draft Owner Controlled Insurance Plan for the Capital Improvement Program (CIP) at the end of December 2000; (3) met with project control group to establish a framework for cost estimation; (4) prepared a diversity plan; (5) working on a communications plan for Program Management; (6) prepared a work breakdown structure to report on various enterprises and other agencies; and (7) drafted a project closeout process.

Mr. Kluesener discussed the status of SFWA's regular performance measures. The draft Capital Improvement Plan is on schedule and would be completed by January 26, 2000. They are currently working with SFPUC staff to develop a prioritization process. In terms of MBE/WBE participation targets, they were on schedule as far as women-owned goals but they were behind in minority goals. Their goal was to maximize participation of minority firms as new task orders are received. They have completed staff skill assessment and they are currently developing a training program based on that assessment.

Mr. Kluesener recommended closing out completed projects expeditiously. Any unused funds from completed projects could be used to fund other projects or left as savings.

Commissioner Makras inquired about the Program Management Services task order amounting to $2.4 million. Mr. Kluesener stated that the Program Management Services Task Order deals with the overall management of the program and focuses on developing a standard reporting system and procedures in engineering and construction. All other task orders focus on specific areas. Commissioner Makras asked the MBE/WBE participation goals for this task order. Mr. Kluesener responded that it is below 5% since it is the key task for management of the program management team.

Commissioner Makras stated that he had noticed that the Utilities Engineering Bureau had been turning to SFWA for checks and balances. He cautioned staff and the Commission about extending SFWA's role beyond their work scope, as it would result in higher costs for our projects.

President Normandy concurred with Commissioner Makras's comments. He was, however, not too concerned about overlapping of functions and spending money in some of the tasks. He was receptive of the need for SFWA to know the present to move into the future. He further pointed out that SFWA's activities were very close to the Commission's expectations and that the process was off to a very good start.

b. Personnel Hiring Report

Mr. Mullane noted that the Bureau of Personnel & Training had done a spectacular job over the course of the year although in July the volume of vacancies escalated substantially due to new budgeted positions.

Therese Madden reported on the status of hiring as of December 2000. Since July 2000, the Bureau of Personnel & Training filled 149 permanent positions. Most of those positions were filled with current employees. In

recent months, the trend toward internal selection diminished. The attrition rate was between 4-11 individuals in each of the six months.

Ms. Madden noted that 150 new positions are expected to be filled in July 2001.

Mr. Mullane requested that the Commission go over the list of Old/Ongoing Business to see if there is still a need to continue providing the reports listed.

8. Public comments on matters not on today's agenda.

Johanna Corbello of Redwood City Hills commented in opposition to water fluoridation. She urged the Commission to approve the Polhemus water treatment option as it provides customers with a choice to either receive fluoridated or not. She talked about the adverse effects of fluoride in water.

REGULAR BUSINESS

9. To consider adoption of the 2000 Urban Water Management Plan Update. (Continued from the meeting of December 12, 2000.)

Staff Recommendation: Adopt the 2000 Urban Water Management Plan Update.

Staff requested continuance of the item to the call of the Chair. The demand data requested by the Commission was not available at this time.

Moved by Commissioner Makras, seconded by Commissioner Bhatt to continue Item 9 to the call of the Chair; passed (4-0) unanimously.

10. Discussion and possible action related to a grant from the California Energy Commission.

Commissioner Makras commented that he would support the item but he would like to know the difference in maintenance and operating costs between the existing incandescent traffic signals and the proposed low energy light emitting diodes (LEDs). Commissioner Makras stated that he would like to know what it would cost us to save energy.

Moved by Commissioner Cook, seconded by Commissioner Makras to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0001: Authorize the General Manager of Public Utilities to accept and expend $19,200 from the California Energy Commission's Peak Load Reduction Grant Program.

11. Discussion and possible action related to purchase of wholesale power.

Staff Recommendation: Direct the General Manager of Public Utilities to request a supplemental appropriation of $18 million for the purchase of wholesale power to meet municipal and contractual sales obligations through June 30, 2001.

Ms. Laurie Park, Acting General Manager of Hetch Hetchy Water & Power, spoke to the item. She stated that the power shortage brought serious impact to Hetch Hetchy's power purchase costs and that the department had already exceeded their budget. The supplemental appropriation would help Hetch Hetchy provide power for municipal purposes and meet its contractual sales obligations.

Commissioner Makras moved to reject the item and requested staff to submit a new agenda item. He stated that the agenda item was not consistent with PUC's water first policy. He pointed out that it was unfair to present an item that may have favorable consequences to a specific area only. Commissioner Bhatt seconded.

Commissioner Makras further commented that looking at the entire system and savings and being true to water first policy is a better way to spend funds. Mr. Mullane explained that there are two parts in the agenda item: the $18 million that would sustain us to the next couple of months; and the water first policy.

President Normandy concurred with Commissioner Makras's comments to look within the context of the water first policy. While he acknowledged the dire need of money, he would prefer to use it for where we need them.

William Berry, Assistant General Manager for Finance & Administration, urged the Commission to approve the supplemental appropriation request as the entire purchase power budget for the year had been expended. He said that funds available today do not affect SFPUC's water first policy. Staff would return to the Commission later to address what was needed beyond the $18 million.

Mr. Mullane stated that the City's approval process for supplemental appropriation is long and onerous. He urged that the Commission approve the supplemental appropriation request and allow staff to come back and address additional funding needs.

Commissioner Makras withdrew his motion to reject the item and moved to continue the item to the end of the calendar. He wanted the Commission to have additional time to reflect on the matter given the new information provided by staff regarding the need to fund through December 31, 2000. Commissioner Bhatt seconded.

Ms. Park emphasized the importance of obtaining a supplemental appropriation before the budget on the purchase of power is fully expended.

Art Jensen, General Manager of the Bay Area Water Users Association, expressed concerns about taking action without reviewing its significance to water supply retention. He concurred with Commissioner Makras' s comment concerning the water first policy.

Item 11 was deferred at the end of the agenda.

LEASES AND PERMITS

12. Discussion and possible action related to an Easement Deed to Enterprise Drive, LLC.

Moved by Commissioner Makras, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0003:	Authorize the General Manager of Public Utilities to execute an Easement Deed to Enterprise Drive, LLC for roadway access over SFPUC land, Parcels 1224(2), 1272, and a portion of Parcel 1271(3) of Bay Division Pipelines No. 1 and 2 right-of-way and a portion of abandoned Chestnut Street in Newark, Alameda County; and request the Director of Property to prepare and submit a legislation to the Board of Supervisors for the conveyance of the Easement Deed.

13. Discussion and possible action related to a lease with Darrell Reed.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0004:	Authorize the General Manager of Public Utilities to execute a lease with Darrell Reed, for the use of approximately 1,500 square feet of land owned by the SFPUC located along a portion of the sewer box right of way, north of Napoleon Street, east of Jerrold Street in San Francisco, for storing scaffolding materials, for a term of five years at an annual rental rate of $4,320.

14. Discussion and possible action related to a sewer easement exchange.

Moved by Commissioner Makras, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0005: Terminate the existing sewer easement on a portion of Assessor's Block 3751, Lot 410; and accepts the replacement sewer easement between Tandang Sora Street and 4th Street in San Francisco granted by Armax Yerba Buena LLC.

CONSTRUCTION CONTRACTS

Advertise

15. Discussion and possible action related to Hetch Hetchy Contract No. HH-885.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0006: Reject all bids received for Hetch Hetchy Contract No. HH-885, O'Shaughnessy Dam Electrical and Mechanical Upgrade; approve the revised plans and specifications; and authorize readvertisement of the contract as Contract No. HH-885R.

Award

Moved by Commissioner Bhatt, seconded by President Normandy to adopt Items 16, 17, 18, 19, 21 and 22 collectively; passed (4-0) unanimously.

16. Resolution No. 01-0007: Award San Francisco Water Department Contract No. WD-2215, 8-Inch Ductile Iron Main Installation in Sacramento Street between Divisadero Street and Gough Street, in the amount of $697,120 to P & J Utility Company.

17. Resolution No. 01-0008: Award San Francisco Water Department Contract No. WD-2265, 12-Inch and 16-Inch Ductile Iron Feeder Main Installation in Washington Street between Laguna and Jones Streets, in the amount of $820,886 to JMB Construction, Inc.

18. Resolution No. 01-0009: Award San Francisco Water Department Contract No. WD-2310, 8-Inch Ductile Iron Main Installation in Page Street between Franklin Street and Divisadero Street in the amount of $830,631 to J. Flores Construction.

19. Resolution No. 01-0010: Award San Francisco Water Department Contract No. WD-2322, Key Motorized Valves, Phase 1, in the amount of $1,774,200 to A. Ruiz Construction.

21. Resolution No. 01-0012: Award San Francisco Water Department Contract No. WD-2358, Seismic Anchorage of Equipment at Crystal Springs Pump Station, Pulgas Pump Station, and Polhemus Treatment Facility, in the amount of $169,369 to Valentine Corporation.

22. Resolution No. 01-0013: Award Clean Water Enterprise Contract No. CW-283, Davidson Street Sewer Debris Removal, in the amount of $214,000 to Proven Management, Inc.

20. Discussion and possible action related to San Francisco Water Department Contract No. WD-2354.

Commissioner Cook expressed concerns that the bid was $58,000 more than the engineer's estimate. Everett Hintze, Acting Utilities Engineering Bureau Manager, stated that their bid was 2.5% above the engineering estimate and on the average, 10% within the estimate is good.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0011: Award San Francisco Water Department Contract No. WD-2354, San Pedro Valve Lot Improvements, in the amount of $1,049,982 to Mitchell Engineering.

Amend

23. Discussion and possible action related to Clean Water Enterprise Contract No. CW-216.

Mr. Hintze reported that $19,000 of the change order was for error and omission by the design consultant. The consultant agreed to reimburse the City for that amount. The cost to the City for this change order was less than $1,000. Commissioner Cook suggested putting the agreement in writing. Mr. Hintze responded that it was already in process.

Moved by Commissioner Cook, seconded by Commissioner Makras to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0014: Approve Modification No. 1 to Clean Water Enterprise Contract No. CW-216, Oceanside Water Pollution Control Plant Parallel Electric Service Feeder, increasing the contract amount by $19,909, with a time extension of 11 days.

24. Discussion and possible action related to San Francisco Water Department Contract No. WD-2184.

Tasso Mavroudis, Project Manager, spoke to the item. The contract modification was necessary to comply with the Habitat Conservation Plan for the San Bruno Mountains. The method of pipe installation had to be changed to protect the Callitte Silverspot butterfly's habitat that exists within 250 feet of our right of way. The project as designed would use a pipe trenching method that would take and destroy the endangered butterfly's habitat. Mr. Mavroudis stated that staff looked at several options and determined that slip lining was the most economical solution.

Mr. Mavroudis indicated that another contract modification would be submitted to request time extension for realignment of pipe through downtown Brisbane due to changes in the City of Brisbane's permit requirements.

Moved by Commissioner Makras, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0015: Approve Modification No. 2 to San Francisco Water Department Contract No. WD-2184, Crystal Springs Pipeline No. 1 Replacement, increasing the contract amount by $391,315, with a time extension of 60 days.

25. Discussion and possible action related to San Francisco Water Department Contract No. WD-2283.

Commissioner Makras commented that he was surprised to see that one of the modifications was for resizing of water supply line from 3-inch to 4-inch at the pump station.

Moved by Commissioner Makras, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0016: Approve Modifications No. 1 and 2 to San Francisco Water Department Contract No. WD-2283, Clarendon Pump Station and Pipelines to Stanford Heights and Summit Reservoirs, increasing the contract amount by $738,918.28, with a time extension of 30 days.

Close

Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt Items 26, 27, 28, and 29 collectively; passed (4-0) unanimously.

26. Resolution No. 01-0017: Accept work performed under Clean Water Enterprise Contract No. CW-120, Illinois/Cesar Chavez Sewer Replacement, approve modification No. 1 increasing the contract amount by $94,566; and authorize final payment of $126,622 to Troy Contracting/D'Arcy & Harty Construction, Inc, Joint Venture.

27. Resolution No. 01-0018: Accept work performed under Clean Water Enterprise Contract No. CW-130, 3rd/20th/42nd Avenues Sewer Replacement, approve modification No. 1 increasing the contract amount by $64,340; and authorize final payment of $69,435 to D'Arcy & Harty Construction, Inc.

28. Resolution no. 01-0019: Accept work performed under Clean Water Enterprise Contract No. CW-226, Fulton & Vicente Pump Station Abandonment, approve modification No. 1 increasing the contract amount by $9,229 and extending completion time by 35 calendar days; and authorize final payment of $18,568 to Millard Tong Construction Co.

29. Resolution No. 01-0020: Accept work performed under Clean Water Enterprise Contract No. CW-231, Leavenworth Street Sewer Replacement, approve modification No. 1 decreasing the contract amount by $36,601 for a final contract amount of $538,469; and authorize final payment of $113,201 to D'Arcy & Harty Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

30. Discussion and possible action related to Agreement No. CS-654, Small Business Technical Assistance Program. (Continued from the meeting of December 12, 2000.)

Staff Recommendation: Authorize the Manager of the Bureau of Environmental Regulation and Management to advertise and request proposals for Agreement No. CS-654, Small Business Technical Program, to provide specialized pollution prevention technical assistance to the Bureau of Environmental Regulation and Management.

Moved by Commissioner Makras, seconded by Commissioner Cook to continue Item 30 to the next regular Commission meeting scheduled on January 23, 2001; passed (4-0) unanimously.

CLOSED SESSION

31. Public comments on matters to be discussed in Closed Session.

    There were none.

32. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Commissioner Cook, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (4-0) unanimously.

The meeting recessed at 2:59 P.M.

The Public Utilities Commission went into Closed Session at 3:10 P.M. and took Item 34 first.

34. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

    Existing Litigation: John Longinidis, Case No. 00W6011-1.

    Present were President Normandy, Commissioner Cook, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

    Commissioner Makras was excused from 3:10 p.m. to 3:15 p.m.

    Moved by Commissioner Cook, seconded by Commissioner Bhatt, to adopt the following resolution; passed (3-0) unanimously.

    Resolution No. 01-0021: Recommend a settlement in the case of John Longinidis, Case No. 00W6011-1.

33. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

    Position: General Manager, Public Utilities

    Present were President Normandy, Vice President Makras, Commissioner Cook, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

    No action was taken.

Following the Closed Session, the Commission reconvened in open session at 3:27 P.M.

35. Announcement following Closed Session.

    President Normandy announced the actions taken during Closed Session.

36. Motion regarding whether to disclose the discussions during Closed Session.

    Moved by Commissioner Cook, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

The Commission resumed to the discussion of Item 11.

REGULAR AGENDA

11. Discussion and possible action related to purchase of wholesale power.

    Commissioner Makras stated that after review and consideration of the agenda item and staff's comments, he was clear that there are two issues emanating from the proposal. One was the supplemental appropriation needed to cover our power cost purchases through December 31 and the other deals with the water first policy. He recommended approval of the $18 million supplemental and address the water first policy separately. He suggested eliminating the last two whereas clauses of the resolution.

    Mr. Mullane noted that the Commission had not officially adopted a water first policy but it had been the department's operating policy. He proposed to retum to the Commission with a resolution establishing such a policy. President Normandy directed staff to put it on the fast track.

    Moved by Commissioner Makras, seconded by Commissioner Bhatt to adopt the following resolution as amended; passed (4-0) unanimously.

Resolution No. 01-0002:	Direct the General Manager of Public Utilities to request a supplemental appropriation of $18 million for the purchase of power.

Thereupon, the meeting was adjourned: 3:32 P.M.

Jill R. Thompson
Secretary

San Francisco Public Utilities Commission
City and County of San Francisco

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SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

January 18, 2001
1:30 P.M.
1155 Market Street, Room 402

DOCUMENTS DEPT.

JAN - 5 2001

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PUBLIC LIBRARY

COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

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The Public Utilities Commission meeting will be held at 1155 Market Street, 4th Floor, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

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(Chapter 67 of the San Francisco Administrative Code)

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

SPECIAL ORDER OF BUSINESS

4. Public Hearing to consider budget proposals for the Operating Budgets and Capital programs for the enterprises and bureaus under the jurisdiction of the Public Utilities Commission for Fiscal Year 2001-2002.

   Staff Recommendation: For discussion only. This item is proposed for continuance to January 23, 2000 at 1:30 P.M., in Room 400, City Hall and January 30, 2000, at 1:30 P.M. in Room 402, 1155 Market Street.

ADJOURNMENT

52
3
8/01
3

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

January 18, 2001
1:30 P.M.
1155 Market Street, Room 402

DOCUMENTS DEPT

MAR 16 2001

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BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.

2. Roll Call: Present - President E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ann Moller Caen

   Vice President Victor G. Makras arrived at 3:15 P.M.

   Excused - Commissioner Ashok Bhatt

3. Public Comments on matters not on today's agenda.

   There were no public comments.

SPECIAL ORDER OF BUSINESS

4. Public Hearing to consider budget proposals for the Operating Budgets and Capital programs for the enterprises and bureaus under the jurisdiction of the Public Utilities Commission for Fiscal Year 2001-2002.

   John Mullane, General Manager of Public Utilities, asked Kingsley Okereke, Manager of the Finance Bureau, to explain the process.

   Mr. Okereke stated that the Commission had given instructions for the department to hold the line. Departments and bureaus were expected to absorb salary standardization and rental agreements and any new programs must be offset in some other area of the unit's budget. Overall issues include Proposition H rate freeze, and power costs which have impacted our current budget and will impact next year's budget even more. The operating budget being proposed versus the current year budget showed a difference of $37 million. The bulk is for power purchase and debt service. For the past two fiscal years the budget growth has remained below inflation.

   Commissioner Caen asked what rate of inflation was being used. Mr. Okereke stated that using 1997 as a base year - 1998 - 3.44%; 1999 - 3.81%; 2000 - 4.25%; 2001 - 4.00%.

   Mr. Mullane stated that the budget was basically a 1% increase over the previous year (excluding the power purchase and debt service.)

   Departments then made their budget presentations:

HETCH HETCHY WATER & POWER

Laurie Park, Acting General Manager of Hetch Hetchy, stated that the projected budget was $86.7 million - $52.1 million for power resale and that number could probably rise because of the volatility of the power market.

The budget had been prepared within the guidelines. A significant change was the transfer to the Department of six people from Dept. of Telecommunication and Information Systems. These employees currently operate the streetlights for the PUC by work order. The change is offset by voiding the work order.

Largest costs appear in permanent salaries assuring full employment. Travel and training have been increased in an effort to upgrade the skills of existing staff to contend with the new electric market. Major reductions included reducing dependence on outside consultants and outside counsel and bringing expertise inside.

Commissioner Caen asked on what amount was the purchase of power based.

Ms. Park answered that for this year the closest number was $21.6 million plus the $18 million appropriation – a total of $40 million. But there were many unknowns; proposed State legislation and the lawsuit announced by City Attorney Louise Renne. Costs could be anything from $40 million to $100 million.

Commissioner Caen asked whether it was based on $500 per megawatt hour.

Ms. Park stated that $500 was a spike, but it was generally more in the $150 range. Blended average would be something between $120 and $150 per megawatt hour.

WATER SUPPLY & TREATMENT

Cheryl Davis, Manager of the Water Supply & Treatment Division, discussed the Department's strategy in preparing the budget. She stated that to allow for a salary standardization of $650,000 the Department had decided not to take cuts in positions but cuts in Professional Services and work orders to other Departments. However, this was obviously a one year strategy as next year the funds would not be there, so in an effort to address this Ms. Davis spoke to all units at all levels of her department and asked for issues that were vital to staff and work units. Ms. Davis is documenting this and will present it to Senior Management and perhaps the Commission later. New programs for this year include implementation of the Watershed Management Plan - fuel management, watershed resources and a community liaison program. The budget document showed the proposals would be consistent with the Watershed Management Plans. There is a new request for treatment chemicals which have increased and are dependent upon city contract negotiations but the amount maybe too low.

Commissioner Cook questioned whether the cut backs with professional contracts and work orders would adversely affect the WS&T staff to manage. Ms. Davis said that through training, staff's skills have improved. However, work orders were more problematic, for example, Recreation & Park Department's help with tree trimming was important.

President Normandy expressed thanks and appreciation to Ms. Davis for the type of presentation made and the thought processes and insights she had undertaken. Justification, rationale and analysis were extremely helpful to the Commission.

CITY DISTRIBUTION DIVISION

Tony Flores, Manager of City Distribution Division, presented the City Distribution Division budget with overhead slides. He stated that the budget was approximately $175,000 over last year's and did not meet the target figure. Highlights include the increased costs for permits because of the excavation code. Parcels A and B at Hunters Point will cost somewhere around $0.5 million to operate for 18 months and no source of funding has been pinpointed. Fiber optics installations are threatening. In the last two months four main breaks occurred and fiber optic installations (illegal) were discovered on top of the mains. DPW has forced the installers to move them. On three occasions, the cables were empty and so workers were able to cut to get at the main. However, had they been full and disrupted, expenses could be incurred at $100,000 per minute. For legal installations, there is no charge but a lot of businesses could be shut down until a repair is made. There is so much cable being laid and so few inspectors that this issue is a big problem and will take a long time before it is resolved.

A major reduction has been made to the DPW work order for numerous tasks; CDD would like to go to outside contractors the reason being that the work order is sent to DPW at the beginning of the year and DPW encumber the funds in July but the reporting and service is often poor.

Funds have been reduced in the Gate Book project, as it is almost complete. Proposals are to include a record management system within the baseline and continue the hydraulic modeling system and for a clerk position for the permitting system instead of using higher priced employees. The impact is approximately 0.2% or $175,000 over the base. The department would also like to start a leak detection program involving sensors on valves; this is essential in planning repairs. Cutbacks proposed included the elimination of the Dive Team but the Team has become such an important part of the CIP effort and a resource available to all the PUC and the whole City, that this idea was dropped. Consideration was given to spot paving in house rather than work ordering to DPW but this is an MOU issue and it is unclear whether the Division would be successful in getting it through. Another idea was to redefine response shut down time to reduce overtime costs

and premium costs but there are some measurable costs and this is still under discussion.

The General Manager spoke to the Hunters Point Naval Shipyard issue. The Mayor's office had indicated last fall that the City would take over Parcel A in January and Parcel B in July. Parcel A has now been moved back to May/June so the impact will be in this budget under consideration. There are a number of departments with large parts to play and the PUC is one of them. Guidelines have been given by the Mayor's Office of Economic Development and a budget will be presented to the Commission and, as stated, the expenditure piece is in the budget but the revenue piece is not. The Navy is collecting about $1 million in revenues from various utilities but they are spending approximately $5 million. Until further discussions have been held with the Mayor's office it is unclear what the actual situation will be.

President Normandy raised the fiber optics issue and asked Mr. Flores to brief the Commission further on details at a later date.

WATER POLLUTION CONTROL

Bill Keaney, Manager of Water Pollution Control, talked about the goals for the upcoming year:

- hold things together and stay out of trouble with the regulators.
- improve and enhance odor control programs and be a better neighbor
- move forward with the solids handling (digester project).

WPC has cut $3 million from the operating budget but unfortunately in the past the Department had received breaks with the cost of sludge disposal and chemicals and these could be increased substantially due to hauling and diesel fuel prices. The biggest unknown was Power. The division was very aggressive on power curtailment in the summer and earned $2 million through conservation and had hoped that this would go to the bottom line, however now it is uncertain whether or not this would happen. In addition the cost of power will probably increase substantially in the future and as a large part of the WPC budget, could be a serious problem.

Mr. Keaney stated that some amount of maintenance was being deferred, particularly with sewers which will have long-term adverse effects. Hunters Point and Treasure Island are both in deplorable condition and the Division does not have the funds to improve them adequately. With regard to regular items there is concern about materials and supplies, spare parts and chemicals. As cut backs are made, personnel are spread thinner which could potentially lead to a violation. The biggest problem is the sewer system which is in deplorable condition – there has not been enough money put into the sewers for decades.

Commissioner Cook asked about overtime and staffing and whether there were any new ideas about the 12-hour shifts.

Mr. Keaney replied that nothing really had changed. It was an MOU condition and would have to be part of the collective bargaining process.

Commissioner Cook noted that there had been a reduction in overtime so wondered where the cuts had taken place. Mr. Keaney replied that most employees have an option of either taking comp. time or cash. If cash is taken then it is shown in the overtime line otherwise it does not show. The trend has been towards comp. time therefore the overtime line is lowering but if that trend takes a turn, then the division does not have enough money to pay.

Commissioner Cook questioned whether there had been a concerted effort to reduce the overtime. Mr. Keaney stated that there was always a big effort and all managers were very much in tune with the issue.

Commissioner Caen asked whether Mr. Keaney was going to come back to the Commission on the sewer situation as ignoring it was not solving the situation.

Bill Berry, Assistant General Manager for Finance and Administration, stated that the Department was very sensitive to the matter and when the capital budget was presented it would be addressed.

President Normandy expressed his opinion that no part of the organization should be ignored and he looked forward to hearing more.

President Normandy asked about methane gas and Bill Keaney replied that the process is basically what it is, but the good news is that we are moving forward with the cogeneration project at the Southeast Plant and that will have a positive impact on the bottom line.

GENERAL MANAGER'S OFFICE

Mr. Mullane stated that it was a clean up budget. Positions had been reassigned and three positions had been upgraded cutting $260,000, a net reduction of 2.9%. Cuts were in professional services, Bernal Property (now final) and Emergency Operations Planning. Taxes, Licenses and Permits were also cut as they related to the Bernal Project. Personal Services had increased by moving four positions from other divisions which had been charged for these positions in the past and which had long been in the G.M.'s unit.

FINANCE

Kingsley Okereke, Director of the Bureau of Finance, stated that as a very new manager he could not make large changes so he just tried to cover salary

standardization and found that short about $89,000. The KPMG report, plus the reports of the other Managers had made it clear that the Finance Department and its reporting systems do not always meet the needs of the organization. Therefore Mr. Okereke is adding money for training. Also, the accounting unit needed upgrading and $300,000 has been added for this purpose. The total budget is proposed to be increased by 1.9%.

INFORMATION TECHNOLOGY SYSTEMS

Hans Loffeld, Director of Information Technology Systems, stated that as instructed his bureau had held the line but in a time of inflation, that meant going backwards. Annualizing the 15 positions approved last year, meant an offset had to be found - $560,000, which is a considerable amount for a small technology bureau which has a growing business. A way to meet the challenge was to obtain better technology without cutting personnel or services. A diagnostic package would help find problems in the systems, a central IT help desk would be installed which would not only assist with the initial problems but will also track them. Procurement and installation of equipment is being streamlined. Most of the cuts are in reduction of professional services but this has the consequence of diminishing the ability to implement new technology as it becomes available. The PUC will soon implement paying of bills on line through the Internet but this will bring additional problems in security. Mr. Loffeld said that the compound effect of six years of reductions is hard for his Bureau to handle and looking out to 2006 appeared very bleak.

UTILITIES ENGINEERING BUREAU

Michael Quan, Manager, Utilities Engineering Bureau, stated that the Bureau had accepted the budget proposals and was not making any new proposals but was reallocating funds. He stated his goal had been to develop an engineering organization that was capable of delivering on the Capital Improvement Program as well as serving the operating divisions. Two things were needed to make this possible. One was to get capable personnel and the second was to have the tools available to carry out the tasks. With regard to personnel, the City's Engineering lists have been exhausted for the past four months. New lists should be available next month. A major significant item is training which had been increased by 50% - this component was absolutely necessary to develop and improve the abilities of the staff. Two years ago, there was a staff of 105 with a training budget of $78,000. Last year the staff was up to 170 but the training budget was reduced by the Board of Supervisors' Budget Analyst by $20,000. This current year as it is anticipated that most of the vacancies will be filled, UEB would like to bring the training back up to $70,000.

Professional services have been reduced. And the amount of $122,000 is primarily UEB's participation in the PUC-wide record management program.

Other significant changes include funding additional software and software licenses and hardware upgrades to computer systems, a reduction in materials and supplies. Two vehicles are being requested for replacement for 12-year-old vehicles.

BUREAU OF STRATEGIC AND SYSTEMS PLANNING

Michael Carlin, Manager of the Bureau of Strategic and Systems Planning, stated that last year there was a merger of two bureaus and this year the bureaus had broken up. Planning is now its own separate bureau. 50% of the proposed budget is contained in a programmatic item Water Supply Planning. Until a work plan is put together this money will not be spent. Capital Program Planning work will be complete by February and Financial Planning, in conjunction with the Finance Bureau as well as the Long Term Strategic Plan. Currently the Bureau is working aggressively in the legislative area, especially with the new Board, and at the State level on power issues, water and clean water issues in order to be proactive rather than reactive and to be sure the PUC gets its fair share of resources available. On the Federal level it is anticipated that a major bill will be proposed for California and also Clean Water activities that may involve grant monies. The Bureau is also looking at outside grant possibilities and has devoted staff resources to this effort. The Bureau also works in the regulatory world in connection with permits which have quite heavy financial implications and on environmental issues, such as possible removal of dams to assist fish and wildlife and be a good steward of the land.

President Normandy asked that Mr. Carlin and his Bureau work closely with the General Manager's Office in improving communications programs to get the word out to the Legislative bodies and the ratepayers.

PERSONNEL & TRAINING

Therese Madden, Manager of the Bureau of Personnel & Training, presented a budget request to continue the high level of personnel services that have been forthcoming over the past two years. The Bureau identified sources to offset budget increases that will not affect the level of service significantly. A vacant position of Technical Writer – a new position not yet filled has been cut. There have been cuts made in training, materials and supplies and DHR Examination services. The Bureau feels it can find other ways to handle these areas. However, there is nothing left to reduce without compromising the services provided.

COMMERCIAL LAND MANAGEMENT

Gary Dowd, Manager of the Bureau of Commercial Land Management, said that the Bureau did fund a new position for a Real Property Officer without having to increase costs. Revenues are up about $1 million for a total of $8 million. Land revenues have continued to climb about $1 million a year and should continue to

do so into the future. Goals for the coming year are to aggressively search out surplus lands to offer for public auction. The Bureau is working steadily on a fiber optics network in the pipeline right of way. Funds to outside consultants have been cut, as there is now more in-house expertise to address the leasing.

CUSTOMER SERVICE

Ms. Marge Vizcarra, Manager of Customer Service Bureau, explained that the Bureau's primary work was billing and collection of $250 million in water sales and sewer service charges annually; to provide service to the Department's customers; and to implement water conservation. Complying with the budget instructions the Bureau cut down the number of toilets to be sold next year and equipment was reduced. Budget requests include position substitutions necessary to improve customer service which require senior level positions to handle complex problems. A request is also in for five replacement vehicles due to the age of the water service inspector vehicles. There is a new proposal for establishing a Customer Contact Center which entails a request for $442,000 for staff and to train existing staff and fund a new telephone system to monitor and record customer calls to assure quality.

President Normandy commended Ms. Vizcarra on her proposal for the New Customer Service Center.

ENVIRONMENTAL REGULATION AND MANAGEMENT

Mr. Steve Medbery, Manager of the Bureau of Environmental Regulation and Management, stated that his Bureau had made cuts to absorb salary standardization as requested. Programs affected were the pre-treatment program which regulates and monitors discharges to the sewers, the water pollution prevention program which is technical outreach and public education, Health & Safety programs for employees and facilities and environmental compliance. Challenges in the coming year include the Regional Water Quality Control Board (RWQCB) reissuance of the permit to the Southeast Plant which may result in some additional mandates, negotiations with the Peninsula Sportsman's Club and, in the Health and Safety area, where government agencies are now liable for OSHA citations. In this area BERM must redouble compliance efforts and aggressively contest citations. To meet the budget mandate the Green Gardener Education and Training program has been phased out as it's purpose had been achieved. A position that is now computerized has been eliminated and the Bureau has reduced services of other departments through proactive work order management. However, in the future, there is a limit as to how much additional work can be absorbed by staff; the equipment is in a very corrosive environment and there is a limit to its life. Hunters Point conversion will cause problems and, Mr. Medbery stated that he, like others, is concerned not so much about the coming year but to the years beyond and the cumulative effect.

WATER QUALITY

Phil Caskey, Laboratory Director, represented the department in Mr. DeGraca's absence. A reclassification study has been done over the past four years on Laboratory personnel. Between 50 and 60 positions were affected – nearly half the Bureau. The study eliminated a hodgepodge of classifications in the Lab and collection area and now it had to be paid for. It is much fairer to employees for work done, improves the morale of the staff and has better promotional opportunities. The cost is around $240,000 and, plus salary standardization adds up to $550,000. To make up the amount, the Bureau has eliminated three positions, which with the melding of the Clean Water Lab with Water Quality provided some efficiencies. Cut backs where made in Professional Services, M & S, equipment as well as work orders to other departments. Also, overtime was cut and made $1,000 under base line. The Lead Reduction Program was an added program - $240,000.

Commissioner Caen commended all Department and Bureau Heads on their great efforts. She noted that Professional Services contracts had been cut by nearly all departments and bureaus and was concerned that managers might come back during the year asking for reinstatement.

Mr. Mullane stated that there were still monies available in Professional Services and the managers had left in what they thought would be enough to get them through the year. Additional training obviously helped with staff development but overall he did not anticipate a supplemental request for Professional Services, perhaps a reallocation of existing funds might happen late in the year.

Vice President Makras, upon his arrival, said he wished to comment that throughout the budget process the budget amount has been shown versus the actual salaries. The actual amount was less than budgeted in all departments which meant the staff was asking the Commission to fund the previous year's budget versus last year's actual. This meant that the staff were asking the Commission to fund something greater than was spent.

The General Manager explained that there were various blocks of vacancies that were attributable to administrative actions that were now coming to fruition and so these positions would be filled next year but have created surpluses this year – a prime example was in the engineering series which overlapped UEB, Water Quality, CDD, Water Supply and Water Pollution Control. Management had found it difficult to impress upon the Department of Human Resources to hold the examinations in a way beneficial not only to the PUC but also to DPW, the Airport and the other engineering intensive departments. Management had told DHR that the PUC (and hopefully other departments) would supply manpower to help get the examinations rolling. DHR on their side have committed to have the lists available by the end of December 2000. Currently we understand a list will be ready next month from which approximately 60 engineering positions can be filled this fiscal

year which will cut down on the surplus shown. Also Water Quality has spoken about reorganization of the laboratory. It is block numbers that the Department is thinking of rather than a couple here or there.

Commissioner Makras expressed his opinion that it was not a couple here or there but he was talking about approximately 300 employees – this year's budget, versus last year's budget versus the year's before that budget, had always shown the number to be constantly about 300 behind. Given that the Department had not spent this money for three years and given the mandate with the public with Proposition H, there had to be some rationale for this especially as at a previous PUC meeting the Commission was told that the hiring efforts were going well. So if there was not a hiring problem then why was this number recurring. Experience showed that for three years the PUC had over 300 empty slots in addition to retirements and people leaving. As it takes time to fill all those positions, it did not seem prudent to fill more vacancies than can honestly be put through the system.

John Mullane replied that there had been substantial bumps in staffing in Personnel over the last two years so that this year the Bureau of Personnel filled many of the vacancies that have been open for years. It appeared from the weekly reports that there were substantially more positions being filled than there were positions being vacated. So the trend continued with Personnel and the PUC would see more and more positions filled during the course of the year. When Dorothy Bowman started there was a 30% vacancy rate and now it was around 7% or 8% - a remarkable turn around and it was because the Personnel Department had more bodies and those bodies were working.

Commissioner Makras replied that that was exactly his point. Now that all the hiring was done, the Department had met the mark of success. The Commission had been unequivocally supportive of the hiring effort, so he wondered why the Departments were padding their budget by roughly 10%. Mike Quan's Department had 75 engineers ready to do capital projects and it appeared that the PUC was loaded up with employees. If this was not so he needed to know why the Department needed to hire more people and what extra services would be given over and above those of last year. For with 10% more people, the Commission expected 10% more product. He stated he had raised the same question for the past couple of years and was told that every effort would be made to hire everyone at the most professional, highest level. That had now been done.

Mr. Mullane explained that if the money is budgeted and the Departments do not hire the positions the PUC does not get to use the money. In effect if its not spent it reverts to the rate payers – in the context of not making cuts or, if not for Prop. H., rates not being raised to cover. He stated that he could ask each Manager, even if unprepared for the question, and they could pluck positions out of the air and state exactly what benefit those positions would be to their particular operations. He stated that due to the vagaries of the system, the fact that position cannot be filled does not mean that there is not a need there and that if they were

filled they would be used productively. If specifics were needed he could ask individual managers to come up at the next meeting.

Commissioner Makras explained that he did not want his statements of a balanced budget to suggest that people would not be used productively. But if we had 1000 employees budgeted and used 900 last year and only 900 the year before and 900 the year before that, and the work was done to our satisfaction, and the Department wants to budget for another 100 employees, then better service would be expected, or new additional service would be expected Was this just about efficiencies or something better? In the past three years, there has been a surplus in salaries of roughly 10%. He asked through the Chair, that every department provide a list of constant vacancies for the last 36 months. Also, that the Personnel Bureau give him a list for the last 36 months. The Commission could then make the decision whether to absorb all of those jobs and whether to fund them. But he emphasized that he has made this same statement for the past three years and it is time to decide whether to put money in the budget or take the savings.

The General Manager asked for clarification. Did Commissioner Makras want a list of long-term vacancies on the one hand and an overlay from Personnel on the other showing the positions that can be filled in a reasonable amount of time?

Commissioner Makras clarified his request stating that the Personnel Bureau should give a list of everything that has been requested and everything they have filled month by month. For example, if the Bureau had been asked to fill 100 and they have only been able to fill 10 then it was shown that they could not fill 90. He wanted to be able to see a pattern.

Commissioner Cook asked whether Commissioner Makras was talking about classifications because the way the City is set up classifications vary up or down and the focus should be over all not on certain categories.

Commissioner Makras replied that if it is broken into categories then we could just add it up. He was not reshuffling the deck.

Commissioner Caen asked the General Manager what the budget instructions had been - were the divisions and bureaus to have the same budget as last year?

The General Manager explained that the instructions were to "create a hole" that would allow the managers to 1) meet the COLAs mandated by the various labor MOU's; 2) to cover any cost of living increases and any other areas; and 3) to provide offset funding for any programs that were above and beyond the current year. There was no particular stipulation that vacancies were to be reduced or anything else. The Managers were provided the opportunity to come up with whatever that funding mechanism was.

Commissioner Caen stated strongly that she did not feel it was the Commission's place to determine the various line items. If the Managers were given X amount they should be able to allocate it as they wished otherwise it took away the ability to plan for the coming year.

Commissioner Makras stated that he basically supported Commissioner Caen sentiments and that if there was a million dollars in savings through salaries, then each Department could look to new programs or projects. He did not want to take money from the Department, but he did not want to fund jobs that could not be filled.

President Normandy stated that the crux of the matter was that there was frustration that stemmed from having to protect ourselves with a certain amount of monies to allow personnel to be brought in to do the job right. The problem was that budgets had been made for personnel that had not been hired within the budget year. So he asked that the General Manager and the Personnel Bureau determine what positions can realistically be filled in the coming year vis a vis the budgets for personnel. If there was some trend of over budgeting, then the monies should be used elsewhere. However, he agreed with Commissioner Caen that the Commission should not meddle in the line by line items and each of the Department and Bureau Heads should be able to have the flexibility of shifting dollars within their own specific budgets. He emphasized however, that there was a sense of frustration on the part of the Commission that there was constantly a pool of personnel dollars, that did not get used and they needed to be freed up. There was realization that Department heads need people to achieve their goals but if a position cannot traditionally be filled within two years, then it should not be budgeted.

Mr. Mullane said that the Department would work in that direction.

President Normandy stated in closing that he appreciated the Manager's can do attitude. He thanked the staff for being willing to hold the line and tighten belts. Given the work to be done in the next decade it was imperative that the Commission got the best bang for the buck but that he did not want to intervene by doing line by line reviews.

No action was taken. The item was continued to January 23, 2000, at 1:30 P.M., in Room 400, City Hall, and on January 30, 2000, at 1:30 P.M. in Room 402, 1155 Market Street.

Thereupon, the meeting was adjourned: 3:45 P.M.

Jill R. Thompson
Secretary

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1/23/01

SFPUC

WATER
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WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

January 23, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Discussion and possible action relating to the election of President and Vice President.

4. Approval of Minutes

5. Communications

6. Old/Ongoing Business by Commissioners

7. Introduction of New Business by Commissioners

8. Report of the General Manager

   a. San Francisco Water Alliance Report. (Kluesener)

9. Bay Area Water Users Association (BAWUA) General Manager's Report

   a. Update on Status of Major Milestones.

10. Public Comments

    Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

11. Discussion and possible action related to the SFPUC Right of Way Encroachment Removal Policy. (Davis)

    Staff Recommendation: Amend the SFPUC Right of Way Encroachment Removal Policy.

12. Discussion and possible action related to the Sunol Water Temple. (Davis)

    Staff Recommendation: Adopt a policy for public access to the Sunol Water Temple.

13. Public Hearing – To consider budget proposals for the Operating Budgets and Capital Programs for the enterprises and bureaus under the jurisdiction of the Public Utilities Commission for Fiscal Year 2001-2002.

    Staff Recommendation: For discussion only.

14. Discussion and possible action related to UEB's Document Management System. (Quan)

    Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to request the Controller to reallocate funds in the amount of $140,000 to purchase hardware needed for UEB's Document and Records Management System.

15. Discussion and possible action related to a grant from the California Energy Commission. (Park)

    Staff Recommendation: Authorize the General Manager of Public Utilities to apply for, accept, and expend $75,840 from the California Energy Commission's Peak Load Reduction Grant Program to reduce peak electrical demand at Harry Tracy Water Treatment Plant.

16. Discussion and possible action related to purchase of power from members of the Western System Power Pool. (Park)

Staff Recommendation: Authorize the General Manager of Public Utilities Commission to execute agreements to purchase firm and non-firm energy and other wholesale power services from members of the Western System Power Pool ("WSPP") for terms of up to five years.

17. To consider adoption of the 2000 Urban Water Management Plan Update. (Continued from the meeting of January 9, 2001. Proposed for continuance to February 13, 2000.) (Carlin)

Staff Recommendation: Adopt the 2000 Urban Water Management Plan Update.

CONSTRUCTION CONTRACTS

Advertise

18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2323. (Quan)

Staff Recommendation: Rescind SFPUC Resolution No. 00-0186; approve the modified plans and specifications for San Francisco Water Department Contract No. WD-2323, Meter and Valve Testing/Calibration Facility and Associated Improvements increasing the contract amount by $1,114,400; and authorize the Utilities Engineering Bureau Manager to advertise for bids for said contract.

Close

19. Discussion and possible action related to San Francisco Water Department Contract No. WD-2233. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2233, 12-Inch Ductile Iron Feeder Main Installation in Pacific Avenue between Fillmore Street and Van Ness Avenue; approve Modification No. 2 increasing the contract by $26,197 with a time extension of 57 calendar days; and authorize final payment of $12,865.60 to J. Flores Construction Company, Inc.

20. Discussion and possible action related to San Francisco Water Department Contract No. WD-2239R. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2239R, Town of Sunol Water System Improvement, Phase A, Auxiliary Domestic Water Storage Tanks; approve Modification No. 1 increasing the contract amount by $15, 456.04 and extending the contract by 115 calendar days; and authorize final payment of $30,749.30 to Miller Thompson Constructor, Inc.

21. Discussion and possible action related to San Francisco Water Department Contract No. WD-2244. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2244, Replace two 48-Inch University Mound Steel Pipes at Interstate 280 Freeway; approve Modification No. 2 in the debit amount of $34,491.37 and time extension of 36 days; and authorize final payment of $35,455.98 to Mitchell Engineering, Inc.

22. Discussion and possible action related to San Francisco Water Department Contract No. WD-2261. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2261, 8-Inch Ductile Iron Main Installation in California Street between Fillmore Street and Van Ness Avenue; approve Modification No. 1 decreasing the contract by $65,983.10; and authorize final payment of $24,000 to D'Arcy & Harty Construction, Inc.

23. Discussion and possible action related to San Francisco Water Department Contract No. WD-2277. (Quan)

Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2277, Sunol Valley Water Treatment Plant Decant Sump Modification; approve Modification No. 2 increasing the contract by $22,584.51 with a time extension of 126 calendar days; and authorize final payment of $9,619.89 to Millard Tong Construction Company.

24. Discussion and possible action related to Clean Water Program Contract No. CW-111. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-111, Mason/Pine/Leavenworth Streets and Meacham Place Sewer Replacement; approve Modification No. 1 increasing the contract amount by $16,468 with time extension of 311 calendar days; and authorize final payment of $201,456 to K. J. Woods Construction, Inc.

25. Discussion and possible action related to Clean Water Program Contract No. CW-184. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-184, Cayuga Avenue/Douglass Street/Laurel Street/ Rondel Place Sewer Replacement; approve Modification No. 1 increasing the contract amount by $23,183 with time extension of 157 calendar days; and authorize final payment of $73,688 to Alpine Construction.

PROFESSIONAL SERVICE CONTRACTS

Advertise

26. Discussion and possible action related to Agreement No. CS-654, Small Business Technical Assistance Program. (Continued from the meeting of January 9, 2001.) (Medbery)

Staff Recommendation: Authorize the Manager of the Bureau of Environmental Regulation and Management to advertise and request proposals for Agreement No. CS-654, Small Business Technical Program, to provide specialized pollution prevention technical assistance to the Bureau of Environmental Regulation and Management.

CLOSED SESSION

27. Public comments on matters to be discussed in Closed Session.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEM:

28. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

    Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

29. Announcement following Closed Session.

30. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

****

NOTICE OF PUBLIC HEARING

On February 13, 2001, at 1:30 P.M., the Public Utilities Commission will hold a public hearing at the Board of Supervisors Chambers, 2nd Floor, 1 Dr. Carlton B. Goodlett Place, San Francisco, to discuss and take possible action regarding amendments to its Rules and Regulations regarding Extension of Water Mains to Customers. The proposed amendments include but are not limited to provisions which reorganize the provisions governing extensions; clarify the definition of the term "extension"; establish responsibility for design, inspection and construction of an installation; and, specify ownership, transfer and financial responsibilities including details of cost contribution by customers sharing an installation. Copies of the proposed amendments are on file at the offices of the Public Utilities Commission. Persons who are unable to attend the public hearing may submit written comments regarding the subject of the hearing by the time the proceeding begins. Timely written comments will be made part of the official public record and will be brought to the attention of the Public Utilities Commissioners conducting the hearing. Written comments should be submitted to Jill R. Thompson, Commission Secretary, at 1155 Market Street, 4th Floor, San Francisco, CA 94102.

SFPUC

WATER
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CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

January 23, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

E. Dennis Normandy, President
Victor G. Makras, Vice President
Frank L. Cook
Ann Moller Caen
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.

2. Roll Call: Present - President E. Dennis Normandy, Vice President Victor G. Makras, Commissioner Frank L. Cook, Commissioner Ann Moller Caen, Commissioner Ashok Bhatt

3. Discussion and possible action relating to the election of the new President and Vice President.

   President Normandy outlined the many accomplishments of the Commission during the year 2000 as follows: (1) brought on board a personnel transition team to replace key positions; (2) expanded and integrated the communications group into a full pledged unit; (3) celebrated the completion of the Sunol Temple restoration project; (4) completed the sale of the Bernal property that netted $126 million which would be used to fund the proposed SFPUC building; (5) brought forth a program management contract; (6) kicked off the reactivation of the Balboa Reservoir; (7) pursued the marketing of Hetch Hetchy bottled water; (8) started work toward an SFPUC museum; (9) fast tracked the restoration of Lake Merced; (10) fast tracked the Southeast Water Pollution Control Plant project to reduce odors and spills; and (11) met with newly elected Board of Supervisors concerning the activities of the SFPUC.

   He noted that the Commission had met the four goals they set out to do for the past year - cut operating costs, strengthen regional ties, refocused energies and policy making on water issues; and concentrated on policies rather than day to day operations.

   President Normandy called for nominations for President and Vice President. Commissioner Bhatt nominated Commissioner Makras for President and Commissioner Caen for Vice President. There were no other nominations. Commissioner Cook seconded. The Commission unanimously elected Commissioner Makras for President and Commissioner Caen for Vice President.

   President Normandy turned the gavel over to the newly elected President Victor Makras.

   President Makras acknowledged the presence of former SFPUC Commissioners, Mr. James Jefferson and Mr. Ben L. Hom.

   President Makras presented outgoing President Dennis Normandy with a glass plaque and a framed picture of Hetch Hetchy reservoir in appreciation for his leadership during his term as President of the Public Utilities Commission from January 25, 2000 to January 23, 2001.

4. Approval of Minutes

There were none submitted.

5. Communications

No action was taken.

6. Old/Ongoing Business by Commissioners

There was no discussion.

7. Introduction of New Business by Commissioners

Commissioner Normandy noted that the Pacific Tribune carried an article in its January 10, 2001 issue commending the San Francisco Water Department's Dive Team for helping the North County Water District in one of their projects. He congratulated the team.

Commissioner Caen inquired about the status of the SFPUC Financial Auditor's report to management concerning comments and recommendations. Mr. Berry responded that the letter has not been finalized yet.

Power and Gas Shortage

Commissioner Caen inquired about a press release concerning the natural gas situation. She asked whether staff responded to a letter from the Treasurer of the State of California concerning the creation of the California Consumer Power and Conservation Financing Authority. Mr. Mullane responded that staff had met with the Mayor twice. President Pro Tempore of the State Senate, John Burton was present in one of the meetings. Senator Burton's office would be preparing a legislation concerning electric power and natural gas supply.

Laurie Park, Acting General Manager of Hetch Hetchy Water & Power, reported that on January 9, 2001, PG&E sent a letter to California Governor Gray Davis advising him of the natural gas shortage caused by PG&E's credit problems. PG&E filed an emergency application with the California Public Utilities Commission (CPUC) on January 18, 2001, for immediate funding of emergency gas supplies. Under CPUC Rule 14, PG&E has the ability to divert gas from wholesale purchasers such as SFPUC to sell to their smaller core customers in case of gas supply shortage and transmission constraints. If SFPUC would not agree, we would be penalized with $10.00 per therm. Ms. Park stated that this should not apply to the City. She talked about the potential risks to hospitals and critical facilities due to inadequate gas supply. She had requested the City Attorney to ask CPUC's intervention on the matter.

Mr. Mullane pointed out that staff was trying to instigate political intervention by contacting the Mayor's Office. Staff had been talking to City agencies whose power may be curtailed to work on a contingency plan in case of curtailment.

President Makras suggested that staff provide the Commission with a weekly update concerning the gas and power shortage. He requested staff and the City Attorney to schedule an item on the agenda to review SFPUC's contracts with the Modesto Irrigation District and the Turlock Irrigation District and PGE's "buck stop" provisions in their contract to know their obligations during rolling blackout situations.

Commissioner Normandy urged staff provide a daily report and a weekly report and make sure the role of the SFPUC is well defined from other entities involved in this situation.

President's Outlook for Year 2001.

President Makras spoke of his expectations of the Commission and staff. He wanted the Commission to be a can-do Commission that when an issue comes up they would carefully review and vote on it and if when the Commission votes it down, he would expect that it would not be brought up again. He would look forward to staff recommending policy issues rather than practice

He directed staff to submit, within 90 days, a recommendation to close out substantially completed contracts so that any leftover funds could be reallocated to other projects and free up those employees to work on new tasks.

Within 90 days, he would assign each Commissioner to be a liaison on specific issues to improve communications between the Commission, the General Manager, and staff.

8. Report of the General Manager

John P. Mullane, General Manager of Public Utilities, requested continuance of Item 13 to the January 30, 2000 Special Commission Meeting and Item 17 to the call of the Chair.

a. San Francisco Water Alliance Report.

John Kluesener, Project Director for San Francisco Water Alliance, talked about long term performance measures that apply in the out years of the contract but need to be funded to meet performance requirements for the first year of SFWA's contract. Those measures include: (1) looking at ways to achieve 10% savings of the overall cost for the first four years of the program;

(2) improving UEB's ability to deliver construction tasks; (3) improving handling of cost of services; and (4) enhancing diversity tracking.

Mr. Kluesener suggested closing out contracts that had been substantially completed in the past six months to achieve savings.

President Makras directed staff to bring up the task orders for those performance measures at the next meeting and indicate the reasons for not issuing them upfront.

President Makras requested Virginia Harmon of the Human Rights Commission to address the status of the Diversity Program for the project.

Virginia Harmon, Interim Director, Human Rights Commission, noted that the Diversity Program required the SFWA to enhance MBE/WBE participation by developing a business development program, creating a paraprofessional training program for San Francisco's employed and underemployed; creating a pre-apprentice program to assist them in entering the construction workforce; creating a reporting and monitoring mechanism to allow SFWA to report on its diversity program accomplishments to PUC and HRC. Ms. Harmon stated that at this point they were still at the initial planning stage and there was not much accomplished. She urged SFPUC and SFWA to pay close attention to the program to ensure that it receives adequate planning.

President Makras directed staff to make sure that he participated in all discussions concerning the diversity program and MBE/WBE participation goals for the project.

In response to Commissioner Normandy's inquiry concerning status of a website for Program Management, Mr. Kluesener stated that SFWA is currently working with SFPUC staff to use the existing system for publishing information related to the Program Management Project.

President Makras directed staff to provide funding source information for SFWA's contract through June 30, 2001 at the next Commission meeting.

9. Bay Area Water Users Association (BAWUA) General Manager's Report

a. Update on Status of Major Milestones.

Art Jensen, Bay Area Water Users Association General Manager, mentioned other major activities of the Commission from the past year including the Facilities Reliability Study, Water Supply Master Plan, and the Shortage Allocation Management Plan.

Mr. Jensen gave a report concerning the status of major SFPUC milestones in the areas of water supply reliability, water quality, fair pricing, and the Capital Improvement Program and Financial Plan.

Mr. Jensen mentioned that were items that needs to be done next and they were to complete the update of the Capital Improvement Program (CIP), complete a financial plan for funding necessary improvements, and commit to a plan to resolve identified lack of information or other deficiencies in the CIP/Long-term Financial Plan. President Makras requested Mr. Jensen to put these suggestions in writing and send it to the Commission.

10. Public Comments

Johanna Corvello urged the Commission to give customers a choice on whether to receive fluoridated water or not. She commented that fluoride was unsafe and had not been approved by Federal and Drug Administration (FDA).

REGULAR BUSINESS

11. Discussion and possible action related to the SFPUC Right of Way Encroachment Removal Policy.

Staff Recommendation: Amend the SFPUC Right of Way Encroachment Removal Policy.

President Makras announced that the Commission would hear presentations from staff, take public comments today, and recommended that the decision for the item be held until the next regular Commission meeting on February 27, 2001 to allow the Commission ample time to review the matter.

Cheryl Davis, Water Supply & Treatment Division Manager, provided a slide presentation concerning the background and objectives of the Right of Way Encroachment Removal Policy and Vegetation Management Policy.

Ms. Davis talked about the different categories of encroachments defined in the existing SFPUC policy: Category A – encroachments to be removed as soon as possible; Category B – encroachments that do not pose any danger to pipelines and cannot be easily removed; and Category C – encroachments that do not hinder maintenance efforts and are determined on a case by case basis after careful review. She showed different photos of encroachments on SFPUC properties.

Ms. Davis stated that due to various complexities associated with encroachments and based on public input, staff developed a proposal to modify the existing policy concerning Category B. They proposed to issue revocable permits for

encroachments placed after January 23, 2001, landscaping, and those that could not be easily moved.

Public Comments:

San Mateo County Supervisor Rose Jacobs Gibson, representing the North Fair Oaks community, suggested the formation of a task force comprised of community residents and SFPUC staff to formally discuss encroachment issues.

Fifty individuals from North Fair Oaks ceded their time to an inclusive presentation made by three members of the North Fair Oaks Community. The presentation was made by George Mader, Steve Mader, and Bill Clebsch using electronic slides. They showed photos and maps of Hetch Hetchy rights of way through North Fair Oaks from Marsh Road to El Camino Real. The presentation revolved around the effects of right of way on their lands, the concerns of North Fair Oaks residents, and proposed solutions. Bill Clebsch focused on the issues of concerns to North Fair Oaks residents. He stated that the language in the agenda item was unclear and confusing. He presented the following five points that the community would like to resolve and included in the policy.

1. Fences that can readily be opened, removed, or passed through by the SFPUC will be permitted as well as landscaping that meets SFPUC criteria.

2. Permits solely for fencing and landscaping that meet SFPUC criteria are eligible for renewal by new owners upon sale of property.

3. Permits are not required of property owners with existing deeded rights whose fenced yards include only landscaping.

4. Permits for fenced yards without deeded rights, and approved residential encroachments shall not exceed $100 per year in cost.

5. Upon signing of permit and legal indemnification of SFPUC, property owners liability insurance naming SFPUC shall not exceed $1,000,000.

The following individuals commented: Dale Miller; Gordon Simpkinson; Pat Byers; Ira Ruskin; Cynthia McCain; Megan Nolan; Susan Brown; Kay O'Neill; Mr. Nielsen; Ever Rodriguez; Mary Coady; Daniel Casas; Michael Penney; Helen Mader; Don Horsely; and T. Nolan. The speakers expressed common concerns about safety and security and possible decline in property values if their yards and fences encroaching SFPUC right of ways were removed. They suggested allowing encroachments that do not impede access to SFPUC facilities.

Mr. Mullane addressed the five points raised by the Fair Oaks community. He said that Items 1 and 3 coincide with SFPUC's intentions. Item 2 was not clearly spelled out. Item 4 is a policy call of the Commission. He would like to ask the opinion of

the City's Risk Manager regarding Item 5 as to whether $1,000,00 liability insurance was appropriate.

With regard to vegetation management, Mr. Mullane commented that trees could bring potential damage to SFPUC pipelines if they are sitting on top of them. He would direct staff to look at those types of encroachments on a case-by-case basis. However, he felt that those trees should be taken down.

Commissioner Cook said that he was concerned that the $100 fee was excessive. Commissioner Bhatt expressed concerns that insurance companies may not provide $1 million liability insurance.

President Makras stated that he supported the community's proposal. He said from a staff and maintenance perspective, a policy is needed in place in order for SFPUC to run pipelines and provide immediate access in emergencies. However, he stated that even without the policy in place, there still would not be clear access as there are roads or other permitted encroachments built over those pipelines. He indicated that there should not be any fees charged for permits and that they need not be renewed annually even when change in property ownership occurs.

Moved by Commissioner Normandy, seconded by Commissioner Caen to continue Item 11 to the regular Commission meeting scheduled on February 27, 2001 subject to further discussion between staff and community; passed (5-0) unanimously.

At 4:08 P.M. the meeting was recessed. At 4:22 P.M., the meeting reconvened.

12. Discussion and possible action related to the Sunol Water Temple.

Joseph Naras, Land and Resource Manager at the Water Supply & Treatment Division, presented the proposed policy for public access to the Sunol Water Temple. Mr. Naras stated that the policy was interim only to curtail time of visitation until use of the temple area is expanded. The policy was being proposed for implementation starting May 1, 2001.

Commissioner Cook moved to adopt the policy. Commissioner Normandy seconded.

There were questions from Commissioner Caen and President Makras on how to deal with public access when there is a permitted event. Mr. Naras responded that the permitted event would take precedence over non-permitted event or public access. If we expand use of the temple area for more types of events that require greater set up, special use permits could be obtained through the Land Section.

President Makras suggested that the policy be implemented for six months and revisited after that time.

Commissioner Normandy suggested amending the resolution to implement the policy on a trial basis for six months beginning May 1, 2001. Mr. Mullane suggested extending it through the end of November 2001.

Moved by Commissioner Cook, seconded by Commissioner Normandy to adopt the following resolution as amended; passed (5-0) unanimously.

Resolution No. 01-0022: Adopt an interim policy for public access to the Sunol Water Temple.

13. Public Hearing – To consider budget proposals for the Operating Budgets and Capital Programs for the enterprises and bureaus under the jurisdiction of the Public Utilities Commission for Fiscal Year 2001-2002.

Moved by President Makras, seconded by Commissioner Normandy to continue Item 13 to the special Commission meeting scheduled on January 30, 2001; passed (5-0) unanimously.

14. Discussion and possible action related to UEB's Document Management System.

Moved by Commissioner Normandy, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0023: Authorize the Utilities Engineering Bureau Manager to request the Controller to reallocate funds in the amount of $140,000 to purchase hardware needed for UEB's Document and Records Management System.

15. Discussion and possible action related to a grant from the California Energy Commission.

Moved by Commissioner Normandy, seconded by Commissioner Bhatt, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0024: Authorize the General Manager of Public Utilities to apply for, accept, and expend $75,840 from the California Energy Commission's Peak Load Reduction Grant Program to reduce peak electrical demand at Harry Tracy Water Treatment Plant.

16. Discussion and possible action related to purchase of power from members of the Western System Power Pool.

Ms. Laurie Park, Acting Manager, Hetch Hetchy Water & Power, spoke to the item. Ms. Park explained that the purpose of the agenda item was to request approval of

the Board of Supervisors to authorize the SFPUC to enter into wholesale power transactions with members of the Western Power Supply Pool. This would modify the authority granted in 1992 to enter into wholesale power transactions with members of WSPP for terms of up to one year without further review by the Board of Supervisors. Ms. Park noted that it would be prudent to enter into longer-term transactions given the volatility of the wholesale power market and our present financial circumstance. This would also provide the Commission flexibility to act quickly if the right opportunity to purchase energy and power comes along.

Commissioner Caen expressed concerns that the five-year term was very long in light of the current energy situation.

President Makras noted that he too was concemed about signing a five-year contract when prices are historically high. On the other hand, he realized that the power industry was changing and that it may behoove us to have the flexibility of five years. He indicated that rather than giving the authority directly to the General Manager to execute agreements, he would like the approval of the Commission and the Board of Supervisors to proceed in order to provide a better check and balance. He suggested amending the resolution to insert "after Commission approval" in the first resolved clause.

Commissioner Caen concurred with President Makras's comments.

Moved by Commissioner Caen, seconded by Commissioner Normandy, to adopt the following resolution as amended; passed (5-0) unanimously.

Resolution No. 01-0025:	Authorize the General Manager of Public Utilities Commission, after Public Utilities Commission approval, to execute agreements to purchase firm and non-firm energy and other wholesale power services from members of the Western System Power Pool ("WSPP") for terms of up to five years.

17. To consider adoption of the 2000 Urban Water Management Plan Update. (Continued from the meeting of January 9, 2001.)

Staff Recommendation:	Adopt the 2000 Urban Water Management Plan Update.

Moved by President Makras, seconded by Commissioner Normandy to continue Item 17 to the call of the Chair; passed (5-0) unanimously.

CONSTRUCTION CONTRACTS

Advertise

18. Discussion and possible action related to San Francisco Water Department Contract No. WD-2323.

    Moved by Commissioner Normandy, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 01-0026: Rescind SFPUC Resolution No. 00-0186; approve the modified plans and specifications for San Francisco Water Department Contract No. WD-2323, Meter and Valve Testing/Calibration Facility and Associated Improvements increasing the contract amount by $1,114,400; and authorize the Utilities Engineering Bureau Manager to advertise for bids for said contract.

Close

Moved by Commissioner Normandy, seconded by Commissioner Cook to adopt Item Nos. 19, 20, 21, 22, 23, 24, and 25 collectively; passed (5-0) unanimously.

19. Resolution No. 01-0027: Accept work performed for San Francisco Water Department Contract No. WD-2233, 12-Inch Ductile Iron Feeder Main Installation in Pacific Avenue between Fillmore Street and Van Ness Avenue; approve Modification No. 2 increasing the contract by $26,197 with a time extension of 57 calendar days; and authorize final payment of $12,865.60 to J. Flores Construction Company, Inc.

20. Resolution No. 01-0028: Accept work performed for San Francisco Water Department Contract No. WD-2239R, Town of Sunol Water System Improvement, Phase A, Auxiliary Domestic Water Storage Tanks; approve Modification No. 1 increasing the contract amount by $15, 456.04 and extending the contract by 115 calendar days; and authorize final payment of $30,749.30 to Miller Thompson Constructor, Inc.

21. Resolution No. 01-0029: Accept work performed for San Francisco Water Department Contract No. WD-2244, Replace two 48-Inch University Mound Steel Pipes at Interstate 280 Freeway; approve Modification No. 2 in the debit amount of $34,491.37 and time extension of 36 days; and authorize final payment of $35,455.98 to Mitchell Engineering, Inc.

22. Resolution No. 01-0030: Accept work performed for San Francisco Water Department Contract No. WD-2261, 8-Inch Ductile Iron Main Installation in California Street between Fillmore Street and Van Ness Avenue; approve Modification No. 1 decreasing the contract by $65,983.10; and authorize final payment of $24,000 to D'Arcy & Harty Construction, Inc.

23. Resolution No. 01-0031: Accept work performed for San Francisco Water Department Contract No. WD-2277, Sunol Valley Water Treatment Plant Decant Sump Modification; approve Modification No. 2 increasing the contract by $22,584.51 with a time extension of 126 calendar days; and authorize final payment of $9,619.89 to Millard Tong Construction Company.

24. Resolution No. 01-0032: Accept work performed for Clean Water Program Contract No. CW-111, Mason/Pine/Leavenworth Streets and Meacham Place Sewer Replacement; approve Modification No. 1 increasing the contract amount by $16,468 with time extension of 311 calendar days; and authorize final payment of $201,456 to K. J. Woods Construction, Inc.

25. Resolution No. 01-0033: Accept work performed for Clean Water Program Contract No. CW-184, Cayuga Avenue/Douglass Street/Laurel Street/ Rondel Place Sewer Replacement; approve Modification No. 1 increasing the contract amount by $23,183 with time extension of 157 calendar days; and authorize final payment of $73,688 to Alpine Construction.

With regard to Item 20, Leonard Swanson, UEB Project Manager, stated that the agenda item was revised to reflect the difference of $25,000 increase in total amount of close out due to accounting errors. The final payment should have been $17,769.04 instead of $15,456.04 that was stated in the original item.

With regard to Item 24, President Makras expressed concerns that this contract had a 60-day term and had taken one year to close out. He stated that this was unfair to the citizens of San Francisco as this meant that the street was torn up longer. He directed staff to assign honest schedules for completion of contracts and adhere to them in fairness to the public, the contractor, and the City.

PROFESSIONAL SERVICE CONTRACTS

Advertise

26. Discussion and possible action related to Agreement No. CS-654, Small Business Technical Assistance Program. (Continued from the meeting of January 9, 2001.)

Steve Medbery, Manager of the Bureau of Environmental Regulation and Management, addressed the questions raised at the last Commission meeting; i.e. providing technical assistance to all businesses, reason for using consultant services rather than in-house, and the end result of the program. Mr. Medbery stated that staff would provide technical assistance to all businesses on a priority basis in accordance with those businesses discharging pollutants and may be posing problems to the program. On the second point concerning the use of consultants, he said consultants would bring the necessary industry experience by helping develop specific best management practices and preparation of outreach materials. The Bureau did not have the resources to do that. Mr. Medbery requested that the Commission authorize a two-year contract with the intention to look to transitioning in house. With regard to the question of the end result, Mr. Medbery stated that the SFPUC was mandated to conduct an ongoing pollution prevention public outreach program.

President Makras questioned the need for a consultant if there is an in-house person doing the work and that he could not see its benefits for the money we would be spending.

Mr. Medbery suggested that the Commission approve a one-year contract with the option to renew for another year if the work could not be done within a year. President Makras concurred but he wanted the contract to come back to the Commission for approval to renew.

Moved by Commissioner Normandy, seconded by Commissioner Cook to adopt the resolution as amended; passed (5-0) unanimously.

Resolution No. 01-0034: Authorize the Manager of the Bureau of Environmental Regulation and Management to advertise and request proposals for Agreement No. CS-654, Small Business Technical Program, to provide specialized pollution prevention technical assistance to the Bureau of Environmental Regulation and Management.

CLOSED SESSION

27. Public comments on matters to be discussed in Closed Session.

    There were none.

The Commission did not meet in Closed Session, as there was not anything to report on Item 28.

28. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

    Position: General Manager, Public Utilities

Thereupon, the meeting was adjourned: 5:00 P.M.

Jill R. Thompson
Secretary

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

January 30, 2001
1:30 P.M.
1155 Market Street, Room 402

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Personnel and Training
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Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

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Know your rights under the Sunshine Ordinance
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Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

SPECIAL ORDER OF BUSINESS

4. Public Hearing to consider budget proposals for the Operating Budgets and Capital programs for the enterprises and bureaus under the jurisdiction of the Public Utilities Commission for Fiscal Year 2001-2002.

   Staff Recommendation: For discussion only.

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Willie L. Brown, Jr.
MAYOR

MINUTES

January 30, 2001
1:30 P.M.
1155 Market Street, Room 402

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Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Lorna T. Navarro
ACTING SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:50 P.M.

2. Roll Call: Present - President Victor G. Makras, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Ashok Bhatt

   Commissioner Frank L. Cook arrived at 1:52 P.M.

   Excused – Vice President Ann Moller Caen was excused due to a medical emergency.

3. Public Comments on matters not on today's agenda.

   There were no public comments.

SPECIAL ORDER OF BUSINESS

4. Public Hearing to consider budget proposals for the Operating Budgets and Capital programs for the enterprises and bureaus under the jurisdiction of the Public Utilities Commission for Fiscal Year 2001-2002.

   Staff Recommendation: For discussion only.

   William Berry, Assistant General Manager for Finance & Administration, presented an overview of the Capital Improvement Plan and provided an update concerning the progress in the development of the Plan.

   Mr. Berry discussed the process used in determining which projects would be put forward. The projects were separated into groups: Maintenance/Renewal and Replacement projects which are normally financed under current operating revenues; and Capital Addition and Improvement projects that would be financed by bonds. Each project was ranked in terms of importance and need. Projects that were ranked high priority included projects that were mandated, under construction, and projects which designs have been completed. Staff categorized projects' priority based on SFPUC objectives, reliability being the highest. As of November 14, the comprehensive list of priority projects totaled $3.5 billion.

   Mr. Berry noted that staff also asked the San Francisco Water Alliance (SFWA) to look at the scope, cost estimate, and cash flow of each project. SFWA had completed most of the work and they are currently working on the regional plan.

   Mr. Berry stated that Maintenance/ Repair & Replacement projects for 10-years totaled $900 million. Capital improvement projects added up to $2.5 Billion.

Mr. Berry talked about Capital Budget Recommendations for the Fiscal Year 2001-2002. He stated that the proposed capital budget for FY 01-02 was $311 million.

Mr. Berry noted that staff was currently working on the long-range financial plan. He said that there were issues that are needed to be addressed that included increasing revenues to allocate more money to Maintenance/R&R Projects, voter approval of water revenue bonds and sewer revenue bonds, and looking for funding mechanisms for Hetch Hetchy projects.

In terms of the operating budget for the Clean Water Enterprise, he stated that the department had kept their budget low over the last years in view of Proposition H. He said we could not pay our debt service without raising rates for the remaining Prop H period. Mr. Berry proposed that instead of using the $50 million borrowed from the State Revolving Fund to pay down outstanding bonds, he would like to use it to fund the Clean Water Enterprise Capital Program. $25 million of the $50 million would be applied to the Clean Water budget for the coming fiscal year and the other $25 million would be reserved for appropriation in the final year.

Mr. Berry stated that with regard to the Water Enterprise, staff would be proposing to apply the proceeds from the sale of the Bernal property to the Water Enterprise Capital Program.

Commissioner Cook stated that the proceeds from the Bernal property sale were earmarked for the construction of 525 Golden Gate Avenue Building. Mr. Berry stated that other City departments have space needs also and that the Mayor's Office was looking into issuing Certificates of Participation to finance the City's office space needs including 525 Golden Gate. Based on that premise, staff proposed to apply $105 million of the $126 million proceeds to capital improvement projects.

President Makras commented that the capital improvement budget for Year 2002 was so aggressive (in excess of $2 Billion). He asked staff's rationalization for this recommendation without having completed the 10-year CIP, the financial plan, and the strategic plan and knowing the Commission commitment to a 10-year CIP plan. Mr. Berry responded that the 10-year CIP plan, the financial plan and the strategic plan would not be submitted until the end of February 2001. The normal City budget procedure requires the Commission to adopt a capital budget for next year at this time. Mr. Mullane commented that it would be easier to approve the proposed CIP budget for next fiscal year and make necessary changes when the 10-year plan is approved.

President Makras commented that he was reluctant to adopt a budget that had not been reviewed by the SFPUC Infrastructure Task Force and without seeing the 10-Year CIP Plan. He cautioned the use of the State Revolving Fund money other than paying down bonds. If staff were to shift funds to capital projects, he would

like savings demonstrated and present the risks of doing so. He cautioned the Commission and staff concerning the risks associated with Commercial Paper Program due to interest rate fluctuations. With respect to the $126 million Bernal Property proceeds, he said that although the Commission has not voted on that, they have spoken about applying the proceeds to the Golden Gate building.

President Makras commented that he was pleased with staff's approach of grouping the projects into Maintenance/Repair & Replacement and Capital Improvement projects.

He asked why a filtration plant was included in the budget when the Commission had reaffirmed that they do not want to filter our water. Mr. Berry stated that staff had to show that we would have to filter at some point between now through Year 2015. Mr. Mullane commented that it was factored in the budget due to probability of future regulatory changes or major operational problems that may take SFPUC's filtration exemption status. President Makras asked that since we are already exempt, why could we not add it later when it is needed. Mr. Mullane explained that we have to acknowledge within the 10-year frame that we might lose filtration exemption. He pointed out that the in-service date of the project was so far out that there would be no commitment of funds prior to Year 2008.

In response to Commissioners' concerns, Mr. Mullane noted that reprogramming the use of State Revolving Funds to develop a strong capital budget when financial circumstance change was to him a prudent way to do business.

Commissioner Normandy commented that there seem to be a perception of frontloading in the way the budget was presented. He commented about the $1.7 billion capital budget being proposed without the 10-Year CIP, Strategic, and Financial Plan in place. He was also concerned about consolidating the Bernal Proceeds in the Capital Budget when the Commission had publicly committed to apply it towards a building for SFPUC offices.

Commissioner Normandy wanted a stronger rationale, on a project-by-project basis, as to why we were allocating $1.75 Billion upfront without the Program Manager's objective evaluation and without the CIP, strategic and financial plans in place.

Commissioner Normandy was excused at 2:50 P.M.

A question was raised on whether to submit the FY 01-02 Budget to the Board of Supervisors without the Capital Improvement Budget and wait until March when all three plans are in place. Mr. Berry stated that the Mayor's Office had extended the deadline for the PUC. President Makras stated that he would prefer submitting a full budget to the Board of Supervisors according to the Mayor's instructions and deadline.

President Makras directed staff to: (1) prepare a budget package without the $126 million proceeds from the Bernal sale; (2) get input of the Mayor's Infrastructure Task Force on the budget and report back to the Commission, and incorporate their input into staff's recommendation; (3) submit a budget package based on full funding, with no anticipation of future bond sales, using only the $80 million bond money and available cash. He requested staff to give a brief presentation on the impact of this budget to the workforce.

President Makras stated that the Commission was open-minded on the application of the $50 million State Revolving Fund if there is strong rationalization for shifting funds.

Commissioner Cook and Commissioner Bhatt concurred with the President's directions. Commissioner Cook expressed concerns that the task force's input may not be acceptable to the Commission and that they should not be the final word.

President Makras and Mr. Mullane would contact Mr. Rich Bodisco of the Mayor's Infrastructure Task Force about the Commission's desire to get the Task Force input on the budget before the Commission approves it.

Public Comments:

Mr. Tony Flores, Manager of the City Distribution Division, commented about the poor condition of local infrastructure in San Francisco and that he had hoped to get some money from the Bernal property proceeds to do minimum capital improvements. President Makras responded that the minimum capital projects have not been taken off the table. Taking the Bernal proceeds out may put CDD's projects at possible risk but the Commission has not made that determination.

Emeric Kalman asked when the Hetch Hetchy project would be completed and how much more was needed to complete the project. He talked about a suit filed by Cal Trout concerning the quality of water at Lake Merced. He suggested soliciting public input as to where the $126 million proceeds from Bernal Property sale could be spent.

President Makras asked whether a representative from the San Francisco Water Alliance (SFWA) was present. There was no one from SFWA. He requested staff to write a letter to the San Francisco Water Alliance expressing his surprise that there was no SFWA representative today considering the subject of discussion was the Capital Improvement Budget.

The item was continued to the next regular Commission meeting scheduled on February 13, 2001.

Thereupon, the meeting was adjourned: 3:20 P.M.

Lorna T. Navarro
Acting Secretary

City and County of San Francisco
Public Utilities Commission
1155 Market Street, 4th Floor
San Francisco, CA 94103

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3/01

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

February 13, 2001
1:30 P.M.
Board of Supervisors Chambers
City Hall, Room 250
1 Dr. Carlton B. Goodlett Place

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Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) San Francisco Water Alliance Monthly Status Report. (Kluesener)

   b) City Distribution Division Facilities. (Flores)

8. Public Comments

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REGULAR BUSINESS

9. Public Hearing - To consider adopting budget proposals for the Operating Budgets and Capital programs for the enterprises and bureaus under the jurisdiction of the Public Utilities Commission for Fiscal Year 2001-2002. (Continued from the meeting of January 30, 2001). (Okereke)

   Staff Recommendation:
   a) Adopt the proposed Operating Budgets for the enterprises and bureaus of the Public Utilities Commission for Fiscal Year 2001-02.
   b) Adopt the proposed Capital Improvement Program for Hetch Hetchy Water & Power, Water, and Clean Water Enterprise for Fiscal Year 2001-2002.

10. Public Hearing - Discussion and possible action related to San Francisco Water Department Rules and Regulations Governing Water Service to Customers. (Flores)

    Staff Recommendation: Replace Section B-Extension of Mains of the San Francisco Water Department's Rules and Regulations Governing Water Services to Customers with a new version.

11. Discussion and possible action related to the 2000 Urban Water Management Plan Update. (Continued from the meeting of January 9, 2001.) (Carlin)

    Staff Recommendation: Adopt the 2000 Urban Water Management Plan Update.

12. Discussion and possible action related to an agreement with the Department of Energy Western Area Power Administration. (Park)

    Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Scheduling Coordinator Services Agreement with Western Area Power Administration (WAPA) for a period of three years and 11 months expiring December 31, 2004, and not exceeding $250,000.

13. Discussion and possible action related to reallocation of funds. (Park)

    Staff Recommendation: Reallocate $150,000 from Moccasin Reservoir Dredging Project to Turbine Generator Renovation Project.

CONSTRUCTION CONTRACTS

Advertise

14. Discussion and possible action related to San Francisco Water Department Contract No. WD-2337. (Quan)

    Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2337, Harry Tracy Water Treatment Plant Residuals Thickening.

Close

15. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-884. (Quan)

    Staff Recommendation: Accept work performed for Hetch Hetchy Water & Power Contract No. HH-884, Rock River Lime Plant Improvements; approve modification No. 1 decreasing the contract by $13,468.39 and extending completion time by 8 calendar days; and authorize final payment of $23,051.61 to Jin Construction & Electric Co.

16. Discussion and possible action related to close out of 25 construction contracts. (Quan)

    Staff Recommendation: Accept work performed for 25 UEB construction contracts awarded prior to the November 1998 implementation of the HRC Diversity Tracking requirements for M/WBE companies; and authorize final payment of $346,872.73 to 16 contractors.

PROFESSIONAL SERVICE CONTRACTS

Award

17. Discussion and possible action related to Legislative Representation and Advocacy services. (Carlin)

    Staff Recommendation: Authorize the General Manager of Public Utilities to award and execute a contract for Legislative Representation and Advocacy services to Hooper, Owen & Winburn for an amount not to exceed $275,000 for one year with two one-year renewals based on annual performance review by the General Manager.

Amend

17.a. Discussion and possible action related to the Program Management Services Project. (Quan)

Staff Recommendation:	Approve the transfer of $1,972,000 from various projects into the Program Management Service Project for the San Francisco Water Alliance to perform additional work in Year 1 of the Program Management Services Contract.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.

19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

20. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8:

Property:	Skyline Quarry, San Francisco Watershed Lands in San Mateo County
Parties Negotiating:	CCSF – Dowd/Hickman
Permittee:	San Francisco Police Department
Under Negotiation:	MOU Renewal

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Schwartz)

Existing Litigation:	San Mateo County Transit District v. City and County of San Francisco (San Mateo County Superior Court No. 405-695) Property: Old Muni Right of Way

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Schwartz)

Existing Litigation:	San Mateo County Transit District v. Costco SSF, L.L.C., City and County of San Francisco, et.al. (San Mateo County Superior Court No. 406-647) Property: 60-inch waterline easement.

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

23. Announcement following Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

4:00 P.M. **SPECIAL ORDER OF BUSINESS**

25. Discussion and possible action regarding the Fluoridation Feasibility Study. (DeGraca)

Staff Recommendation:	Endorse the East Bay Alternative (System-wide Fluoridation Alternative) as a preferred fluoridation alternative for purposes of environmental review; and authorize the General Manager of Public Utilities to (1) submit an environmental evaluation application and provide information to the San Francisco Planning Department for environmental review, and (2) undertake necessary engineering studies and designs of the East Bay Alternative.

ADJOURNMENT

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

February 13, 2001
1:30 P.M.
Board of Supervisors Chambers
City Hall, Room 250
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

Victor G. Makras, President
Ann Moller Caen, Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:54 P.M.

2. Roll Call: Present - President Victor G. Makras, Vice President Ann Moller Caen, Commissioner E Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

3. Approval of Minutes

   Moved by Commissioner Normandy, seconded by Commissioner Cook to adopt the Minutes of the Regular Meeting of December 12, 2000, the Minutes of the Special Meeting of December 14, 2000 and the Minutes of the Regular Meeting of January 9, 2001; passed (5-0) unanimously.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   Commissioner Normandy requested staff to give a presentation to the Commission on the status of the Outreach Action Plan at the next Commission meeting scheduled on February 27, 2001.

   President Makras requested staff to schedule an agenda item concerning refunding opportunities.

   President Makras commended staff for putting together an excellent flyer on "Help Save Energy". However, he observed that the SFPUC logo was omitted in the flyer. Commissioner Normandy expressed his disappointment of the omission. He said the failure to put the logo undermined the hard work of people who were involved in creating the logo and projecting an image for the SFPUC.

   Laurie Park, Acting Hetch Hetchy Water & Power Manager, stated that the flyer was a joint effort between SFPUC and the Department of Environment. Staff designed the flyer that reflected the participation of both SFPUC and the Department of Environment. Commissioner Normandy stated that he understood the situation and commended staff for the content of the flyer. However, he felt that with the new Communications Group in place he did not want to miss any opportunity to project a consistent image to the public. He requested that any outreach efforts be conferred with the Communications Group and the General Manager, to make sure there is consistency.

In response to President Makras's question, Ms. Park stated that the SFPUC paid the cost of producing the flyer and the Department of Environment provided the technical resources and expertise. President Makras stated that it was counterproductive that the cost was not split between the two departments. He directed staff to consult with Commissioner Normandy before sending out any materials that represent the department. He also directed staff to write a memo to the Commission explaining how the mailer was distributed.

President Makras commended staff for a well-written quarterly report concerning the status of the Odor Control Program. He said the report clearly conveyed the progress of the project.

Commissioner Normandy requested staff to explore the possibility of pumping treated water into the aquifer below Lake Merced. He said the method was now being used in Houston, Texas; and he would like to see if it would work in San Francisco. Mr. Mullane explained that the technology exists and being used in Southern California. However, there are issues concerning retention time in the groundwater aquifer before the water could be reused. He also noted that various municipalities and golf courses pump from the Lake Merced aquifer for irrigation and potable water use. Staff will do some research and report to the Commission.

6. Introduction of New Business by Commissioners

Commissioner Normandy reiterated the various comments from Commissioners of continuing to have one media spokesperson representing the department. He suggested that the spokesperson report directly to the General Manager of Public Utilities.

7. Report of the General Manager

John P. Mullane, General Manager of Public Utilities, requested that the Commission defer discussion of Item 7b until after the Closed Session, and continue Item 17 to the next regular meeting scheduled for February 27, 2001.

a. San Francisco Water Alliance Report.

John Kluesener, Project Director for San Francisco Water Alliance (SFWA), reported on the progress of the SFWA Program Management Contract during the month of January 2001. SFWA's major accomplishments include issuance of database packages for the Clean Water, Regional Water, Local Water, and Hetch Hetchy Water & Power Capital Improvement Program 2000 Plan; completion of the design review for the Chloramination Project; working on the Reliability Phase III Study; working with the Engineering Estimating Group regarding job training; finalizing the Owner Controlled Insurance Program Report; and preparing a Diversity Program for additional work.

They are currently looking at the overall program and working on short-term key performance measures; e.g. preparing a draft of Capital Improvement Program 2000 Plan, maintaining progress on MBE/WBE goals, preparing training programs, monthly reports, and performance measures for the six-month period. With regard to long-term performance measures, they are working on ways to achieve the $105 million savings in the overall program, preparing a scheduling procedure for proposed projects, tracking HRC goals on ongoing basis, and looking at the possibility of closing out completed projects within six months of completion and reverting fund balances into the system.

President Makras directed staff to provide to the Commission, at the next meeting, a list showing all substantially completed and on-going projects. He would like to see a list that will track how much money is remaining on each project to see what the cost savings are. Mr. Mullane suggested another column that will show how much was budgeted for each project listed. President Makras asked staff if his direction was clear, and no one spoke to the contrary.

b. City Distribution Division Facilities

This item was put over until after the Closed Session at staff's request. However, the Commission did not discuss the item due to lack of a quorum.

8. Public Comments on matters not on today's agenda.

There were none.

REGULAR BUSINESS

9. Public Hearing - To consider adopting budget proposals for the Operating Budgets and Capital programs for the enterprises and bureaus under the jurisdiction of the Public Utilities Commission for Fiscal Year 2001-2002. (Continued from the meeting of January 30, 2001).

Staff Recommendation:
a) Adopt the proposed Operating Budgets for the enterprises and bureaus of the Public Utilities Commission for Fiscal Year 2001-02.

b) Adopt the proposed Capital Improvement Program for Hetch Hetchy Water & Power, Water, and Clean Water Enterprise for Fiscal Year 2001-2002.

Mr. Mullane noted that the original operating budget submitted met the Commission's mandate to include the Cost of Living Allowance required by various unions. He stated that based on discussion with President Makras, he submitted a

list of proposed reductions in the operating budget totaling $6.0M and a proposed list cutting 32 vacant positions at a savings of $2.3 million in salaries and fringes. The budget proposed today did not include the Bernal Property sale fund but included a portion of State Revolving Fund monies. The capital budget did not fully fund the Program Management contract but staff intended to fund it at the requested level. There was no item in the budget to fund operational activities at Hunters Point Naval Shipyard, as discussions are still ongoing at the Mayor's Office. The Mayor's Office had requested to withhold funding until discussions are completed.

Lawrence T. Klein, Acting Assistant General Manager for Operations, commented that reduction in positions, equipment, and Materials and Supplies could lead to real operational problems. He urged the Commission's support in dealing with these cuts at the Offices of the Mayor and the Board of Supervisors. President Makras stated that the Commission was open to requests for supplemental appropriations in the event of emergencies and that there is an emergency plan in place to deal with crises.

President Makras recommended approval of the $6 million reduction proposed by staff. The reductions were in the following categories: Water Supply Master Plan $2 million; Judgments/Claims $1 million; Equipment Purchase $1.2M, Various New Proposals $0.7M; Expenditure Recovery $0.5M; Other Materials/Supplies $0.4M; and Overtime $0.2 million.

With respect to the CIP budget, he recommended the following: increase Program Management (Operations & Support Facilities) from $250,000 to $350,000; reduce Early Intake Dam Improvements from $1.445 million to $500,000; eliminate Concrete Cylinder Pipe Replacement; eliminate $3.295 million Rehab/Upgrade Project; accept Standby Power Facilities $1.9 million; accept Irvington Tunnel Alternatives $500,000; accept Bay Division Pipeline Reliability Improvements $500,000; accept Crystal Spring Pump Station Capacity Improvements $500,000; reduce University Mound Reservoir Rehab/Seismic Upgrade from $5 million to $4 million; reduce Harry Tracy Water Treatment Plant Short Term Improvement from $1.5 million to $170,000; delete Land Acquisition $5 million; accept Backbone Pipeline System Development $500,000; reduce Distribution Main Replacement from $10.2 million to $7.5 million; accept $900,000 for Program Management Operations and Support Facilities; and accept North Point Plant Upgrade $1 million to design and start the EIR for digesters. With regard to the Commercial Paper Program Administration expenses ($500,000). President Makras commented that $500,000 was a substantial cost and he was curious to know the real cost. He said he would bring this up to the Commission along with refinancing bond issues and look for savings from commercial paper.

President Makras stated that he had reviewed the list of current vacancies and based upon the ability of the department to absorb new employees, he recommended deleting 50 vacant positions. He said some of those positions have

been opened for two to three years. His rationale was that if they could not be filled, they should be eliminated.

With regard to the CIP budget, President Makras stated that he wanted full funding for Program Management. Regarding reduction in CIP projects, he stated that some projects have money unspent that could be spent in this year's budget.

Mr. Mullane stated that he agreed with the recommendation concerning Program Management and the reallocation of funding from certain projects to other projects. He did not concur with deleting the Rehab/Upgrade of Facilities Project entirely and thought that reducing the amount by $1 million would be more workable.

Commissioner Caen stated that she concurred with President Makras's philosophy but she needed to see a justification for the proposed cuts and the total budget after the proposed changes. In addition, she wanted to hear comments from staff on the reductions. President Makras noted that his goal was not a dollar amount but whether the work could be done, and if it cannot be done, push it into the 10-year plan.

Commissioner Normandy expressed support of the President's proposals subject to winnowing of the numbers. He suggested directing staff to incorporate the proposed changes into a budget for discussion at the next meeting.

Commissioner Bhatt suggested incorporating the Third Street Sewer Project ($17.4 million) into the budget. Mr. Mullane stated that it was deleted from the budget as the project was still being discussed at the Mayor's Office.

President Makras directed staff to submit a budget that reflected his recommendations and comments from the Commission today. Any savings derived from the original budget could be allocated to the Third Street Light Rail Sewer project. Commissioner Normandy cautioned that the $17.4 million was to be incorporated only to allow the SFPUC wiggle room as to what the SFPUC were contributing to the project.

Commissioner Normandy suggested continuing the meeting to Friday, February 16, 2001 at 10:00 A.M. to allow staff to reconstruct the budget with the new totals.

Mr. Arthur Jensen, General Manager of the Bay Area Water Users Association, stated that he was pleased that the capital project had been revisited based on reliability and important studies. He said it was difficult to keep track of the cuts and changes in the operating budget but suggested watching for consequences of changes from staff and performance next year. He said goals and objectives for the Planning Department and the Utilities Engineering Bureau related to water supply master plan objectives and reliability for the coming year have been outlined in the budget, but some initiatives should have been included.

Mr. Mullane recommended the following changes to the Commission's proposal: (1) use the remaining amount of money in the State Revolving Fund for the Third Street Light Rail Project; (2) reduce funding for the Rehab/Upgrade of Facilities by $1 million instead of defunding it entirely; (3) fund existing gap between the fully funded SFWA Project and the $4.4 million project incorporated in the reallocation process. With regard to recommended position deletions, Mr. Mullane stated that staff would be reviewing the list to see its impact on operations. President Makras stated that he would accept staff's recommendations. He said the dollar amount of the positions he recommended for deletion total $4.2 million plus fringes and if there were an alternative, he would be interested to see it.

Moved by President Makras, seconded by Commissioner Normandy to continue Item 9 to Friday, February 16, 2001 at 10:00 a.m. at the Board of Supervisors Chambers, in City Hall; passed (5-0) unanimously.

10. Public Hearing - Discussion and possible action related to San Francisco Water Department Rules and Regulations Governing Water Service to Customers.

Moved by Commissioner Normandy, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0035: Replace Section B-Extension of Mains of the San Francisco Water Department's Rules and Regulations Governing Water Services to Customers with a new version.

11. Discussion and possible action related to the 2000 Urban Water Management Plan Update. (Continued from the meeting of January 9, 2001.)

President Makras indicated that planning for the future should be done using appropriate documentation and methodology, and not simply sending a survey to individuals asking their future water supply needs. Mr. Jensen concurred. He stated that the planning data used for the Water Supply Master Plan were not based upon the annual survey but was coordinated with the annual survey and tailored for that planning process. He urged that BAWUA agencies be included in the development of a methodology.

Moved by Commissioner Cook, seconded by Commissioner Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0036: Adopt the 2000 Urban Water Management Plan Update.

12. Discussion and possible action related to an agreement with the Department of Energy Western Area Power Administration.

Moved by Commissioner Bhatt, seconded by Commissioner Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0037: Authorize the General Manager of Public Utilities to execute a Scheduling Coordinator Services Agreement with Western Area Power Administration (WAPA) for a period of three years and 11 months expiring December 31, 2004, and not exceeding $250,000.

13. Discussion and possible action related to reallocation of funds.

Moved by Commissioner Cook seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0038: Reallocate $150,000 from Moccasin Reservoir Dredging Project to Turbine Generator Renovation Project.

CONSTRUCTION CONTRACTS

Advertise

14. Discussion and possible action related to San Francisco Water Department Contract No. WD-2337.

Moved by Commissioner Normandy, seconded by Commissioner Caen, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0039: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2337, Harry Tracy Water Treatment Plant Residuals Thickening.

Close

15. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-884.

Moved by Commissioner Cook, seconded by Commissioner Normandy, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0040: Accept work performed for Hetch Hetchy Water & Power Contract No. HH-884, Rock River Lime Plant Improvements; approve modification No. 1 decreasing the contract by $13,468.39 and extending completion time by 8 calendar days; and authorize final payment of $23,051.61 to Jin Construction & Electric Co.

16. Discussion and possible action related to close out of 25 construction contracts.

President Makras recommended that the balance ($821,000) derived from closing out the 25 construction contracts be reverted to the Unappropriated Fund Balance. He directed staff to present under the General Manager's Report a recommendation for reallocating account balances from construction contracts that will be completed and closed out in the future.

Moved by Commissioner Cook, seconded by Commissioner Normandy, to adopt the following resolution passed (5-0) unanimously.

Resolution No. 01-0041: Accept work performed for 25 UEB construction contracts awarded prior to the November 1998 implementation of the HRC Diversity Tracking requirements for M/WBE companies; and authorize final payment of $346,872.73 to 16 contractors.

PROFESSIONAL SERVICE CONTRACTS

Award

17. Discussion and possible action related to Legislative Representation and Advocacy services.

Item 17 was continued to the meeting of February 27, 2001 at staff's request.

Amend

17a. Discussion and possible action related to the Program Management Services Project.

President Makras recommended deleting Item 7, "Supplement UEB Labor" in the amount of $50,000. Michael Quan, Utilities Engineering Bureau Manager, explained that the item was for staff charges when coordination is required between SFWA and staff for project specific items. President Makras directed staff to remove the UEB Labor item, submit it as a work order, and return to the Commission with an explanation of how the money is going to be spent.

Commissioner Normandy cautioned staff about producing a CIP Newsletter in March 2001 when the Commission had not approved the Communication Outreach Plan or the Capital Improvement Plan. Mr. Quan responded that those dates were there for planning and budgeting purposes but all activities are on hold until the plans are in place.

Moved by Commissioner Normandy, seconded by Commissioner Caen, to adopt the following resolution as amended; passed (5-0) unanimously.

Resolution No. 01-0042:	Approve the transfer of a total of $1,922,000 from various projects into the Program Management Service Project for the San Francisco Water Alliance to perform additional work in Year 1 of the Program Management Services Contract.

CLOSED SESSION

18. Public comments on matters to be discussed in Closed Session.

    There were none.

19. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Commissioner Cook, seconded by Commission Normandy to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission went into Closed Session at 3:40 P.M. to discuss the following items:

20. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8:

Property:	Skyline Quarry, San Francisco Watershed Lands in San Mateo County
Parties Negotiating:	CCSF – Dowd/Hickman
Permittee:	San Francisco Police Department
Under Negotiation:	MOU Renewal

    Item 20 was continued to the next regular Commission meeting scheduled on February 27, 2001.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation:	San Mateo County Transit District v. City and County of San Francisco (San Mateo County Superior Court No. 405-695) Property: Old Muni Right of Way

Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, Public Utilities Commission General Manager John P. Mullane, Deputy City Attorney Joshua Milstein, Deputy city Attorney John Roddy, Water Supply & Treatment Division Manager Cheryl Davis, Bureau of Commercial Land Management Director Gary Dowd, Watershed Resource Manager Joseph Naras, and Acting Commission Secretary Lorna Navarro.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0043:	Recommend a settlement in the case of San Mateo County Transit District v. City and County of San Francisco (San Mateo County Superior Court No. 405-695).

22. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation:	San Mateo County Transit District v. Costco SSF, L.L.C., City and County of San Francisco, et.al. (San Mateo County Superior Court No. 406-647) Property: 60-inch waterline easement.

Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, Public Utilities Commission General Manager John P. Mullane, Deputy City Attorney Josh Milstein, Deputy City Attorney John Roddy, Water Supply & Treatment Division Manager Cheryl Davis, Bureau of Commercial land Management Director Gary Dowd, Watershed Resource Manager Joseph Naras, and Acting Commission Secretary Lorna Navarro.

Moved by Commissioner Cook, seconded by Commissioner Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0044: Recommend a settlement in the case of San Mateo County Transit District v. Costco SSF, L.L.C., City and County of San Francisco, et.al. (San Mateo County Superior Court No. 406-647).

Following the Closed Session, the Commission reconvened in open session at 4:22 P.M.

Commissioner Normandy was excused.

23. Announcement following Closed Session.

President Makras announced the actions taken during Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Bhatt not to disclose the discussion during Closed Session; passed (4-0) unanimously.

SPECIAL ORDER OF BUSINESS

25. Discussion and possible action regarding the Fluoridation Feasibility Study.

Staff Recommendation: Endorse the East Bay Alternative (System-wide Fluoridation Alternative) as a preferred fluoridation alternative for purposes of environmental review; and authorize the General Manager of Public Utilities to (1) submit an environmental evaluation application and provide information to the San Francisco Planning Department for environmental review, and (2) undertake necessary engineering studies and designs of the East Bay Alternative.

Andrew DeGraca, Water Quality Bureau Manager, presented a background of SFPUC's fluoridation status, the impetus for the fluoridation feasibility study, and findings. He discussed the two alternatives that were identified in the initial feasibility study. They were the West Bay Alternative and the East Bay Alternative. The West Bay Alternative consists of building a new treatment facility to replace the existing Polhemus Road facility. The East Bay Alternative or system-wide fluoridation alternative consists of expanding the Sunol Valley Chloramination Facility to be built at the San Antonio Pump Station to add more tanks and pumps in addition to other chemicals being put in place now. This alternative adds 436,000 individuals receiving fluoridated water.

The SFPUC conducted a number of outreach activities concerning the study. The public outreach program focused on communities within the service area of Bay

Area Water Users Association (BAWUA) member agencies. They conducted interviews of various stakeholders representing environmental, dental and public health, and general civic interests. They also conducted public information meetings in San Jose and San Mateo.

Mr. DeGraca stated that the capital cost of the East Bay Alternative is one-third of the cost of the West Bay Alternative. The operating cost is twice as much for East Bay Alternative as more chemicals would be used due to higher population served. In terms of total cost (factoring capital and operational costs), the East Bay Alternative is 20% lower than West Bay Alternative over the 30 year projected life of the project. The Fluoridation 2000 Work Group, an organization involving health organizations, approved a grant of $250,000 to offset capital costs of implementing system-wide fluoridation (East Bay Alternative).

Mr. DeGraca stated that staff was recommending the East Bay Alternative due to its operational advantages and lower costs.

Note: Jill Thompson, Commission Secretary, arrived at 4:30 P.M.

PUBLIC COMMENTS:

Ellie Gioumousis and George Gioumousis ceded their comments to show a video submitted by the Citizens for Safe Drinking Water. The videotape was about a news report aired on Channel 11 concerning fluoridation and its ill effects to health.

Emily Firman played a videotape showing excerpt of an unpaid announcement made by Dr. David Satcher, Surgeon General of the United States on the benefits of community fluoridation. The Surgeon General stated that fluoridation is an ideal public measure to eliminate health disparities among populations.

Dan Gustavson of the San Francisco Dental Society spoke in favor of fluoridation and played a video recording of a message by C. Everett Koop, a former United States Surgeon General, commenting in favor of fluoridation.

Comments Opposing Fluoridation:

Jeff Green, Director of Citizens for Safe Drinking Water, commented in opposition to fluoridation stating that additional fluoridation will increase fluorosis. Maureen Jones of the Citizens for Safe Drinking Water, stated that an article from the Journal of the American Dental Association indicated that 84% of tooth decay occurs in the fissures of teeth where fluoride does not work. Andrew Berna-Hicks stated that fluoride is hazardous to health. Patricia Gray of Burlingame commented that ingesting fluoride is hazardous and could cause damage to the nervous system, and it does not decrease cavities in children. Richard Chiu, from the Town of Woodside, stated that their Town Council's position was that adding fluoride to drinking water supply eliminates free choice. They are in favor of the

West Bay Alternative. Johanna Corvello stated that individuals should have a choice and suggested implementation of the West Bay Alternative. David Lamar stated that the SFPUC was not required from a legal standpoint to fluoridate. Suzanne Keehn of Palo Alto talked about the harmful effects of fluoride to health. Dr. Cindy Russell, Chair Person of the Santa Clara County Medical Association, Environmental Health Committee, and speaking as an individual commented that fluoridation is not required and the SFPUC should adopt the West Bay alternative. David Smernoff, Executive Director of Bay Area Action, commented that fluoride causes serious medical consequence when ingested and that fluoridation should be a matter of individual choice. Barbara Dawson stated that fluoride is toxic than lead and expressed concerns about increased medical costs.

Comments in Favor of Fluoridation:

The following health officials commented that there were solid scientific evidence of the effectiveness and safety of water fluoridation in all ages and all socioeconomic groups: Dr. Scott Morrow, Health Officer from San Mateo County, Dr. Art Chen, Health Officer from Alameda County, Dr. Marty Fensterscheib, Health Officer from Santa Clara County, Dr. Mitchell Katz, Health Director and Health Officer, City and County of San Francisco; and Bernice Otudeko, Health Education Specialist for the Santa Clara County Health Department.

Chuck Kinney, Council Member, City of Menlo Park, stated that although their City Council did not take action on fluoridation, they supported staff's recommendation. As a member of the public, he believed adding fluoride to drinking water served public interest health wise. Tim Risch, City of Sunnyvale, commented that the City of Sunnyvale's official position is neutral with respect to fluoridation, but if deemed necessary by SFPUC, they would accept fluoridated water. Catherine Ma, a representative from the California Department of Health Services, Chief of North Coastal Region of the Drinking Water Field Operations Branch, stated that system wide fluoridation is the most preferred, cost effective alternative. Dr. Don Call, a dentist from Sunnyvale and a Member of the Board of Directors of the Santa Clara County Dental Society, quoted the Society's position statement expressing support of community-wide fluoridation and it being safe, effective, economical, socially equitable, and a good policy.

At 5:36 P.M., Commissioner Cook was excused.

Commissioner Bhatt advised that he would like to be excused before 6:00 p.m. due to a prior commitment. President Makras announced the possible lack of a quorum, and that the Commission is precluded to continue the meeting without a quorum. He suggested continuing the meeting to Friday, February 16, 2001 at 10:00 a.m. at which time the Commission will again open to hear public comments from those individuals who have not spoken. He also welcomed letters mailed or faxed to the Commission concerning their comments if they cannot attend the meeting on Friday.

Samantha Stephen, Dental Director of the San Francisco Health Department, commented in support of the East Bay Alternative, stating that occurrence of cavities is higher to those who have not been exposed to fluoride. Tom Reeves, National Fluoridation Engineer for Center for Disease Control and Prevention, stated that products used for water fluoridation are not toxic waste products of aluminum and nuclear industrial products. Miguel Martinez, Dental Health Foundation, stated that fluoride helps prevent cavities and it is the safest and most effective alternative with greatest cost savings. Dr. Ernest Newbrun, Professor of Biology at the University of California San Francisco, stated that 95% of the scientific and health community support water fluoridation. It is a widely accepted public health measure and there are no significant health risks at optimal level.

President Makras ended Public Comments at the verge of losing a quorum.

Commissioner Caen moved to continue the meeting to February 16, 2001 at 10:00 A.M. at the Board of Supervisors Chambers. Commissioner Bhatt seconded. The motion passed (3-0) unanimously.

Thereupon, the meeting was adjourned: 5:56 P.M.

Jill R. Thompson
Secretary

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SAN FRANCISCO PUBLIC UTILITIES COMMISSION
1155 Market St., 4th Floor, San Francisco, CA 94103 • Tel. (415) 554-3155 • Fax (415) 554-3161

1/01 adjourned
Willie L. Brown, Jr.
Mayor
1/01 recommend
Victor G. Makras
President
Ann Moller Caen
Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

John P. Mullane, Jr.
General Manager

NOTICE OF ADJOURNED MEETING

Notice is hereby given that the February 13, 2001 Regular Meeting of the San Francisco Public Utilities Commission was adjourned for lack of a quorum.

The meeting was continued to February 16, 2001 at 10:00 A.M. at the Board of Supervisors Chambers, City Hall, Room 250, 1 Dr. Carlton B. Goodlett Place.

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

NOTICE OF ADJOURNED MEETING OF FEBRUARY 13, 2001

MEETING WILL RECONVENE ON FEBRUARY 16, 2001
10:00 A.M.
Board of Supervisors Chambers
City Hall, Room 250
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

Victor G. Makras, President
Ann Moller Caen, Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

For information contact the Commission Secretary at 554-3165
Agenda and other information are available on the SFPUC web site: www.ci.sf.ca.us/puc

Disability Access

The Public Utilities Commission meeting will be held in Room 250, Board of Supervisors Chambers, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

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ADJOURNED MEETING – CONTINUED FROM THE REGULAR MEETING OF FEBRUARY 13, 2001.

(Item numbers correspond to the February 13, 2001 Agenda.)

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

9. Public Hearing - To consider adopting budget proposals for the Operating Budgets and Capital programs for the enterprises and bureaus under the jurisdiction of the Public Utilities Commission for Fiscal Year 2001-2002. (Continued from the meeting of January 30, 2001). (Okereke)

   Staff Recommendation:

   a) Adopt the proposed Operating Budgets for the enterprises and bureaus of the Public Utilities Commission for Fiscal Year 2001-02.

   b) Adopt the proposed Capital Improvement Program for Hetch Hetchy Water & Power, Water, and Clean Water Enterprise for Fiscal Year 2001-2002.

25. Discussion and possible action regarding the Fluoridation Feasibility Study. (DeGraca)

Staff Recommendation: Endorse the East Bay Alternative (System-wide Fluoridation Alternative) as a preferred fluoridation alternative for purposes of environmental review; and authorize the General Manager of Public Utilities to (1) submit an environmental evaluation application and provide information to the San Francisco Planning Department for environmental review, and (2) undertake necessary engineering studies and designs of the East Bay Alternative.

ADJOURNMENT

SFPUC
WATER
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WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

ADJOURNED MEETING
CONTINUED FROM THE REGULAR MEETING OF
FEBRUARY 13, 2001

February 16, 2001
1:30 P.M.
1155 Market Street, Room 402

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COMMISSIONERS

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Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

ADJOURNED MEETING – Continued from the Regular Meeting of February 13, 2001
(Item numbers correspond to the February 13, 2001 Agenda.)

ORDER OF BUSINESS:

1. Call to Order: 10:15 A.M.

2. Roll Call: Present - President Victor G. Makras, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

3. Public Comments on matters not on today's agenda.

   Gary Wesley, who had spoken at the meeting on February 13 regarding Fluoride, spoke about the process and the problem of continuing the meeting from February 13 to February 16.

The Commission took the agenda out of order and discussed Item 25 first.

REGULAR AGENDA

25. Discussion and possible action regarding the Fluoridation Feasibility Study.

    The following people spoke against the item: Billie Barewald, Alex Eulenberg, Cheryl Amaldu, Cheryl Zeslawsky, Johanna Corvello, Gary Wesley, Ed Morey, Florence Ewing, and Maureen Jones (some of these speakers had already spoken on February 13).

    Those speaking against the item cited fluoride as being toxic fertilizer waste, and that fluoride was an industry backed program. Some pointed to the fact that no city council in the area had endorsed the program and that to fluoridate or not to fluoridate should be a matter of choice.

    The following people spoke in support of the item: Miguel Martinez, Elizabeth Risberg, Lisa Karamardian, Howard Pollick, Emily Firman, Dr. E. Newbrun, Rajiv Bhatia, Dr. Mendez, and Sally Brothers.

    Many of the speakers for the program were dental professionals and were of the opinion that fluoride in the water was the single most effective measure in preventing tooth decay in young children and decreasing the problems in older adults. It was also stated that referendums had shown strong public support by citizens in the area.

    John P. Mullane, General Manager of Public Utilities, stated that he was pleased with the professionalism on both sides of the argument and that the staff had spent

an inordinate amount of time on outreach with excellent results. For the staff the bottom line was the economics - there was considerable savings involved. He also stated that staff had relied on dental professionals at all levels of government.

President Makras stated that the item had his support. Fluoridation had been scientifically researched and was economically sound and benefited millions. He had listened to the minority and appreciated their views but he felt the item was solid.

Commissioner Bhatt stated that he had heard from both sides and was in favor of supporting the item.

Commissioner Normandy expressed the opinion that he was skeptical of governmental interference on many issues, often to the detriment of the citizens, he cited MTBs, and deregulation of the airline, communication and energy industries to state but a few. He stated that scientific study gave little credence to those negatively impacted and he was concerned about the removal of choice. He felt that the dosage level was the bottom line. He would reluctantly vote in favor of the item but would continue to watch the issue.

Vice President Caen stated that this was an emotional issue and she appreciated the arguments on both sides but there was an economic benefit to the department of 23%, there were considerable oral health benefits without expensive capital investments, and the scientific and health community backed the issue.

Moved by Commissioner Bhatt, seconded by Commissioner Cook to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0045: Endorse the East Bay Alternative (System-wide Fluoridation Alternative) as a preferred fluoridation alternative for purposes of environmental review; and authorize the General Manager of Public Utilities to (1) submit an environmental evaluation application and provide information to the San Francisco Planning Department for environmental review, and (2) undertake necessary engineering studies and designs of the East Bay Alternative.

9. Public Hearing - To consider adopting budget proposals for the Operating Budgets and Capital programs for the enterprises and bureaus under the jurisdiction of the Public Utilities Commission for Fiscal Year 2001-2002. (Continued from the meeting of January 30, 2001).

Mr. Mullane gave a synopsis of the budget process. He stated that in his 25 years as a PUC staff person this was the most extraordinary budget process he had encountered. Per instructions the staff cut

- 3% from the baseline to cover COLAs negotiated by the City - a total of $3.8 million.
- M & S cuts were made to cover increased costs of various items
- $6 million reductions requested by President Makras
- 32 vacancy cuts = $2.3 million
- over $11 million in reductions over the original package submitted a month previously.

Mr. Mullane said he thought that everything had been given that could be given and the Commission should be able to approve this budget with a sense of accomplishment. However, he felt he must point out that there could be considerable harm to the operation of the agency. Staff had also put together a counter proposal on vacancy reductions and had requested that they be allowed to address the Commission on the issues of the impacts.

President Makras stated that the mandate under Proposition H meant that the Commission had to do extraordinary things. The Agency had to go ahead with the Program Management, there was a power crisis upon us, and a big capital project, which all added up to extraordinary efforts being made. The Commission had a list of 48 positions at the Tuesday meeting and staff had offered a counter proposal of 32 positions, and he recommended that the Commission accept that proposal, as many of the positions were the same. He wished to walk through the Capital Project:

- Priest Reservoir By-Pass, he recommended be left in.
- San Joaquin Pipeline, recommend the $6 million.
- Crystal Springs Pipeline replacement, reduce to $752,000.
- Livermore Water Treatment improvement – delete.
- Short-term improvement to Harry Tracy Treatment Plant leave $170,000.
- Castlewood Wells put in at $300,000.

Public Comment:

Bill Barnes from Supervisor Daly's office spoke for the Supervisor regarding freezing positions vis-à-vis the Program Management contract, and that as the PUC had no permanent General Manager there might be difficulty in managing the contract. The San Francisco Water Alliance appeared to violate the spirit of Proposition J, as more jobs would be outsourced. He also mentioned his concern regarding the elimination of the Bureau of Energy Conservation, especially in the middle of an energy crisis and that this issue would be before the Board for hearing.

David Novogrodsky, spokesperson for Local 21, and representing PUC engineering staff, processing staff, personnel and other administrative employees spoke. He was gravely concerned regarding lay-off rumors while the San

Francisco Water Alliance was to be fully funded; there were millions of dollars available from property sales being earmarked for a building at 525 Golden Gate; the PUC's budget was being diminished but the overhead was being increased. All of this would make it hard to sell bonds. Task Orders by SFWA need to be explored and the Commission needed to take a hard look at the Bechtel/Jefferson agreement before acting on the budget.

Leslie Abbott, also of Local 21, reiterated Mr. Novogrodsky's comments. The opportunity to keep and promote engineers was key in the capital program She also stated that the consultants had "bled" beyond their specialty boundaries. Duplicative functions were happening and some were civil service functions.

John Moran of the Machinist Union spoke. He referred to the history of Muni where, in order to keep the buses on the streets, the mechanics had to make spare parts. He thought that the PUC was about in the same shape as Muni 3 years ago. The PUC had skilled cross-trained employees but that in his area it was understaffed by 50% and these were the people who did the nuts and bolts of keeping the system together. He also mentioned that the age of mechanics was growing and no apprentices were coming up through the ranks. Reductions in staff meant that there would be no one around to hire when restaffing was needed. This was an industry wide phenomenon. Contractors would put the budget through the ceiling because the private sector paid much a higher wage than the City.

Members of the management staff then spoke.

Larry Klein, Assistant General Manager for Operations, stated that because of flat budgets for the operating departments for five years, inflation was taking 16% of the buying power. Demands meantime increased. There was a staff of professional managers who had been struggling to keep the system operating in a world-class way as directed. Holding the line for the sixth straight year was extremely hard. Managers had been meeting with their staffs to evaluate their priorities and see where, if anywhere, it was possible to make reductions. Everyone had been engaged in the Balanced Score Card effort, which was aiming to consistently point us all in the same direction.

The Commission had heard of the operational risks associated with operating the system without enough Bay Area treatment capacity and also about the physical deterioration of the system. Each division submitted their budgets in accordance with the guidelines that were laid down. No increases. A response to the effort was to demand $10 million of further reductions without any attempt to describe what or why the goals of the organization had changed or what the impact would be on the organization. The managers were very confused. In prior times, the staff had been asked to cut overtime yet the Commission was cutting positions that reduced overtime. He stated that with regard to new positions being requested he doubted that there were more than five that were "old" positions. A huge effort had

been made to fill these positions, and despite the lengthy, burdensome bureaucratic process, a large number of positions were about ready to be filled and these the Commission has just killed. The Commission wanted staff to fund $17 million for Muni's Third Street Light Rail Project but he wanted to state strongly that much of the money that is being cut from PUC budgets could not go to that project because the cutting was in the wrong enterprise fund. Mr. Klein stated that despite all this, the staff were good soldiers and he asked the Commission to share their objective. Currently the Commission was making choices without any idea of the impact on operations, what risks were being assumed, or what services would have to be modified. The staff were confused and thought that the Commission believed there to be sufficient fat in the organization that positions could be cut at random without impacting operations. He urged the Commissioners to reconsider and that the past two weeks had not been good business planning; impacts had not been involved in the thought process. The Commissioners must buy into the changes such impacts make on operations, and the whole non-process flew in the face of the business planning demanded of staff by the Commission.

Laurie Park, Acting General Manager of Hetch Hetchy Water & Power, explained that the budget process in her world was far from arbitrary. This was done in a methodical and inclusive way in order to minimize the effects. She now found that this being done, the Commission desired the divisions and bureaus to absorb some additional cuts. She stated she did not understand the reasons but Hetchy could not absorb them without pain. The California electric restructure had hit Hetchy especially hard and the department was constantly trying to do more with less. However, if this was to be the case, she felt the Managers should be provided with the Commission's goals and be allowed to determine how the goals could best be met without risking any disruption to operations or to public health and safety.

John Hummel, Bay Area Water Users Association, stated he wanted to challenge the Commission to come up with a better process next year. He stated he had asked the PUC Finance staff to work with the Commission for the past couple of years and he asked the Commission to work with staff.

Cheryl Davis, Water Supply and Treatment Division Manager, said that at the original budget meeting she talked about the process she had gone through to take the $650,000 cuts to get to the baseline budget. The reason for not going to positions was that within the Division they had $14.5 million budgeted for salaries and at the end of the year it was predicted that there would be about $250,000 left. With 275 positions, at any given time, some of them were vacant and that is why the City had salary savings. Due to the excellent job the Personnel Bureau had done, the PUC simply did not have the ongoing rate of vacancies that the Department used to have and no longer was money left on the table. The Division had also tried to be responsive to needs that in many cases meant reclassifications. Often the personnel needs of today were not necessarily met by the Civil Service classifications of 1926. She stated that she had made a

presentation to the Commission on January 18. She had not listed position cuts for the reasons explained at the time. On February 8, her Division was instructed to come up with four positions that the Division could most afford to lose, that was done. On February 12 there were instructions that the number should be five, so that was done, then on February 13 a list was read, then on Wednesday morning there was another list and another position was subsequently added. The cuts affected maintenance, engineering and general technical positions. She concluded by saying that staff were managers not magicians and would do the best they could to make the system work, but when processes happened so quickly it was difficult for managers to know whether or not they could still produce to the satisfaction of the Commission and the public.

Johannes Loffeld, Bureau of Management Information Systems Manager, stated that the proposed budget showed five positions being removed from the ITS operating budget. Without exception, these positions were added to ITS budget this fiscal year in response to the growing use of computers in the PUC, as was the case throughout society. Active recruitment was ongoing for the proposed positions, and some were about to be filled. The additional staff would help improve internal processes. A new document management system, allowing the PUC to index, safeguard and archive the numerous electronic records was a prime example. Also improvement of the PUC Internet. Abortion of the hiring efforts would obviously mean that projects would not be done in time and some would not be done at all. Materials and supplies were also paramount to the IT Bureau and reduction was the first step towards technological obsolescence, which was not in anyone's best interest. Mr. Loffeld asked that both the positions and the M&S be left at existing levels. ITS total cuts came to $550,000 which was a big amount for a modest size bureau. Anything beyond that amount would inflict negative consequences on the bureau's operation.

Tony Flores, City Distribution Division Manager, thanked the Commission for allowing staff to offer a counter proposal. He stated he wanted to point out that with regard to Materials and Supplies, CDD had spent their entire budget and had in fact had to ask a supplemental to pay for supplies last year. With regard to overtime, historically it was overspent. A draft report developed for the General Manager indicated that overtime could be cut but it would mean hiring between eight and twelve new people. Also, there were some labor bargaining issues to be resolved, but that it was possible. He felt that the Capital Improvement Program was the most serious issue. There were tank problems; reservoir roofs which were predicted to collapse in a moderate earthquake; and pipelines which would obviously fail. This would preclude the Division from delivering water to a majority of San Franciscans. He asked that the Water Alliance review the estimates for the University Mound South project to see if funds could be found and reallocated as $1 million had been cut; and he felt the amount should be restored. He wished to assure the Commission that he and the rest of the managers were dedicated and tried to do a good job, but these cuts had hurt everyone. He stressed the need

once again of fixing the system locally and that the fall out from failure would reflect negatively on everyone.

Andrew DeGraca, Water Quality Bureau Manager, thanked the Commission for their support on fluoridation. He explained that in his world, which is overseen by the regulatory agencies, the Bureau was constantly under a microscope and it was extremely stressful. Because of changes the Bureau was looking at ways to increase staff, looking at new ways to use staff, e.g. the chloramines project would need more staff, and some of the positions were currently being looked at to be cut. Coverage was done with temporary employees and use of comp time to cover basic needs. Current staff was doubling up to cover the work. The Laboratory study required the Bureau to cover an additional 3.5% of salaries, making a net impact of 6.5% salary adjustment - double the rest of the organization.

Bill Keaney, Water Pollution Control Division Manager, stated that although he is not terribly pleased with the cuts, he felt the Division could live with them. However, with regard to vacant positions, the length of time to fill a position can often take many years, so cutting a position that has been open a couple of years was devastating. He felt it was unfair to the staff below him who had fought to try to get positions filled to have to tell them that a position was cut. He just wanted the Commission to know that the hassles involved in filling positions were mountainous and detracted from the work of running the division.

Kingsley Okereke stated that as the Director of Finance he had a responsibility to look at things from both a macro and a micro point of view. From a macro view, it appeared to him that the process needed changing and he was willing to work with the Commission to do this. With regard to the PUC budget as a whole, he stated that the utility business is a labor-intensive business and salaries and benefits are a significant percentage of the total operating budget. From a micro perspective, focusing on the Finance Department, the KPMG study had taken a hard look at the Bureau and he had adopted it as his mandate to reshape the Bureau. Mr. Okereke said he had been with the PUC three months and had set the wheels in motion, including filling positions that had been kept open purposely until he was on board. He asked the Commission to reconsider. All the bond issues, CIP matters, and other financial projects, which required the Bureau to give full support to the PUC organization, were essential and that support had been lacking for some time.

Bill Berry, Assistant General Manager for Finance and Administration, stated that the proposed cuts were devastating to the PUC in a number of ways. He stated that he had been with the organization two years and had been going through a process of trying to make the organization more rational and to run it like a business rather than a government bureaucracy. He referred to Mr. Okereke's comments about positions and that he, Bill Berry, had held positions open in Finance on purpose. He had gone through a long search for a good Finance Director, not just an average person. Many hours had been spent talking to a number of candidates, he had lost good candidates because of the PUC's

reputation and now the Commission was cutting positions without a process of looking at the needs of the organization. The organization, especially in Finance, would have to support Program Management to make it go. Discussions with the Water Alliance had brought up changes in the accounting system, tracking project costs, etc. Both the SFWA and the Finance Bureau would have to do this and it was going to take bodies to do it. The same was the case with Information Technology. A recent study identified major deficiencies. It was a matter of not having enough resources and so last year an increase of one third of ITS's budget was proposed - $2 million which included 15 new positions. The Commission had supported that and so had the Board. The full amount was not put in but now had to be annualized which was $550,000 and now, in addition, the Commission wanted to take another five positions.

Mr. Berry stated that the situation was devastating, as the organization has gone through a process with regard to the Capital Improvement Program. There had been much staff involvement in looking at the priorities, taking what was a wish list, and turning it into a supportable list that had a rational basis to it and he was preparing to bring it to the Commission very shortly. However, the decisions being discussed today in effect threw away the entire rational basis for the process. Staff knew that the Mayor's office would like PUC to fund the $17 million for Third Street Light Rail and relocating the sewers and staff was negotiating this but the Commission had come up with another proposal and so the opportunity was much reduced to make any sense for the PUC enterprise. The Balanced Score Card has been mentioned and this served as the basis for management's view of how this organization ought to run. It was a serious effort. The Balanced Score Card was used because it has been employed by other organizations that were in dire straights and needed to turn around. It not only set strategic goals but also came up with performance measures, performance targets and accountability for achieving them. There seems to be intense focus on the budget instead of performance and what the organization is trying to achieve. This was counter productive because managers should be encouraged to spend money wisely whereas the process encourages them to spend every nickel in order to justify getting the same budget next year. A lot of people have spent a lot of time and a lot of effort on this program and if they saw no value coming from it and their efforts were to be disregarded, then they would not participate and, additionally, it was devastating to the morale of the organization.

Larry Klein In summarizing stated that things would not come to an end but the PUC would not be the world-class organization it wanted to be. He emphasized that the organization ran on the kindness of strangers; the work and the extra effort put out by the employees in the trenches. That when the chips were down, they came through. The Managers donated at least 10 to 20 hours a week of their time on a regular basis. To throw out all the organizational development work that has been done over the past year did not serve any part of the organization well.

Mr. Mullane reiterated that he thought this had been an extraordinary process. He stated he had never seen, at a Commission meeting, the level of articulation, of professionalism, of emotion, and pride in an organization. He hoped all this would be factored into the Commission's decision making process.

President Makras said, speaking for the entire Commission, that he felt that it definitely would be taken into consideration. They had learnt more in an hour and a half than they had in two or three years. The Commission had found it very enlightening.

At 12:20 P.M. the meeting was recessed.

At 12:45 P.M., the meeting was reconvened.

President Makras thanked staff for comments and their observations. He wanted to make the observation that anyone coming cold into the meeting might think that the Commission was cutting jobs and there was a 5% slowdown in the economy and he did not think that was completely accurate. The budget as presented had 71 new jobs and the Commission was looking at roughly 48, however that did not make up for every units concern about handling their workload and doing a quality job with the restraints, particularly of Civil Service which had been mentioned over and over. He felt he had met his goal by putting up for the debate the issue of jobs not filled. Looking for money that had not been spent to be true to Proposition H. For example, the deletion of the Turn Out Insurance Program that has just been sitting there for nine years – he felt that some of the stuff was not painful. He wanted the $6 million savings to be folded in and he was satisfied with the 32 positions that the General Manager had presented at Tuesday's meeting. The philosophical goal was more important than an actual number. Bill Berry and Larry Klein had stated it very well, it was the goals and what was to be done that was the most important.

Commissioner Normandy felt that the budget exercise had been productive in the sense that a dialogue had been created in a public arena that allowed the PUC's top people to come and tell the Commission with a passion that he had not heard before as to their sense of ownership of the agency and that they have to do what needs to be done. He felt that the organization was hamstrung with the budget, as still approaching were the Long Range Strategic Plan, the Long Range Financial Plan and the final Capital Improvement Plan. It was a difficult enough process without politicizing it and creating demons. There were no layoffs; there was no duplicate process with Program Management, but perhaps the Commission had overstepped its bounds by looking at very specific job positions when really what should have been done was state what the Commission wanted to do relative to this year's budget, reflect only the positions that could realistically be filled and what projects could realistically be done, then ask the General Manager and Senior Staff to come back to the Commission with solutions. He suggested that the Commission revisit the situation prior to Tuesday and come back to a definitive

goal as to what staff cannot fill or cannot do and then there should not be any dollars allocated. The following year when the Plans are in place the context would be there to operate in a better manner. The Commission must find the savings wherever possible and that it would not be business as usual.

Commissioner Cook concurred with Commissioner Normandy. With regard to positions, he stated that the staff must know that there will be attrition, retirement and promotions in their area and this would help with funding to meet the goal. No jobs would be lost and it was never the intent that this be so. He would not support such a position. Next year if he was still on the Commission, he would be willing to fund any position that had been cut where it could be shown it had an adverse effect on operations.

Commissioner Caen commented that it had been a very good exchange. It was something that the Commission and staff had never seen before. She thought it very beneficial. Once the budget was in place the process of how to address the budget in the future must be addressed. The type of exchange that had taken place should happen well before final numbers were being discussed. She wanted to address the proposals made on February 13, 2001.

Commissioner Normandy asked whether the meeting could be continued to the following Tuesday but Commissioner Bhatt stated he would not be available on the Tuesday and Commissioner Cook requested that efforts be made to finalize the budget at today's meeting.

Commissioner Caen asked whether Mr. Mullane could state whether the figures of February 13th were acceptable.

Mr. Mullane stated that he was very confused. Was the Commission talking about the Operating Budget, the Capital Budget or both of them. Did they want staff to come back with a proposal or was the Commission going to make one?

Commissioner Normandy stated that the issue seemed to be mostly about positions the Commission felt the organization were unable to fill in the coming year. He felt that perhaps the dollars could be taken without removing the actual positions. There seemed to be a $2 million difference between the staff and the Commission's figures. If that could be the focus, then perhaps a decision could be made within the next half hour.

Mr. Mullane stated that he was more comfortable with the first column of figures and asked for a recess of 5 minutes to go over the issue with the managers.

Commisioner Normandy asked that the $17 million be also factored in for the Third Rail Project as well as the University Mound issue and Commissioner Bhatt wanted the amount included in this year's budget rather than 2002 or 2003.

The meeting recessed at 1:00 p.m.

The meeting reconvened at 1:15 p.m.

Mr. Mullane stated the issues:

1. Vacancy Reductions – staff would like to suggest the Commission take the 32 position dollars associated, but that the positions be left in the budget. This would give staff flexibility and eschew the need of having to go through the whole process of getting positions approved and also giving staff the flexibility of hiring in an emergency by defunding another position.

2. University Mound – stay as is, discuss further with CDD management.

3. Balance of the CIP – recommend adoption as proposed.

4. Third Street Rail – suggested that the money in the State Revolving Fund remain that way and leave it to the Commission to include it in next year's CIP or put it on reserve.

Commissioner Caen said that she was speaking for the Commission, the cutting of jobs was a priority so proposed that we go back to the original 32 positions and put that into effect. She was in agreement with the other points made.

Mr. Mullane stated that if that were the direction the Commission wanted to go then the staff would implement it.

Commissioner Caen moved to adopt the budget with the 32 positions cut. Commissioner Normandy seconded.

Mr. Mullane stated that Vice President Caen's proposal eliminated both the position and the dollar amounts from the budget. His proposal would eliminate the dollars but leave the positions in the budget. By cutting positions altogether it would make things very difficult. If staff wanted a position two years out then it would have to be treated as a new position and the whole process restarted. Also it would mean loss of flexibility during the coming year if there was an emergency situation.

Commissioner Normandy stated that these positions were those that the General Manager and President Makras had agreed to, so there should not really be any animosity about taking these positions. Also it was a lesser number than originally discussed at the beginning of the meeting, and in fact was some sort of compromise.

Mr. Mullane agreed with Commissioner Normandy but said that the best possible deal would be to take the money and leave the positions. If the alternative of

taking the positions as well was approved, it would just make life much more difficult.

Commissioner Bhatt again asked if the Third Street Rail should be included in this budget. Vice President Makras explained that the proposal is not included in the CIP project but the funds were earmarked in the Revolving Fund and would come back to the Commission for approval.

Public Comments:

John Moran of the Machinist Union stated that proposing to eliminate the positions and the funding meant that in this economy the positions would not go back. The organization had run for five years without an increase in the budget and wages alone have gone up 14.5%. The managers had run their departments on a razor thin budget and somehow made the system function. Cutting now was a formula for disaster. PUC would end up in the same place MUNI was 5 years ago except that PUC would get there faster. Citizens of San Francisco would not sit still for another debacle along the lines of the deregulation of PG&E. They saw Bechtel's budget untouched while the people who actually move the water from Point A to Point B have had a 5-year freeze with even less. It was insanity.

Moved by Commissioner Caen, seconded by Commissioner Normandy to adopt the following resolutions; passed (5-0) unanimously.

Resolution No. 01-0046: a) Adopt the Operating Budgets for the enterprises and bureaus of the Public Utilities Commission for Fiscal Year 2001-02 for a total amount of $357,422,871.

Resolution No. 01-0047: b) Adopt the Capital Improvement Program for Hetch Hetchy Water & Power, Water, and Clean Water Enterprise for Fiscal Year 2001-2002 for a total amount of $165,827,000.

Thereupon, the meeting was adjourned: 5:00 P.M.

Jill R. Thompson
Secretary

7/01

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

February 27, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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PUBLIC LIBRARY

COMMISSIONERS

Victor G. Makras, President
Ann Moller Caen, Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a. Year 2000 Combined Charities Campaign. (Mullane)

   b. Energy Conservation Fair. (Jurosek)

   c. Electronic Bill Payment. (Vizcarra)

   d. City Distribution Division Facilities. (Kubick)

   e. Fiber Optic Issues. (Flores)

   f. Plans: Capital Improvement, Financial, and Strategic. (Berry)

8. Bay Area Water Users Association (BAWUA) General Manager's Report

   a. Water System Reliability Improvements: Risk Reduction as a Goal.

9. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

10. Discussion and possible action related to the SFPUC Right of Way Encroachment Removal and Right of Way Vegetation Management Policies. (Continued from the meeting of January 23, 2001). (Davis)

    Staff Recommendation: Amend the SFPUC Right of Way Encroachment Removal Policy and Right of Way Vegetation Management Policy.

11. San Francisco Retail Shortage Allocation Plan – Preliminary Discussion. (Carlin)

12. Presentation related to SFPUC Outreach/Action Plan. (Fletcher)

    Staff Recommendation: For discussion only.

LEASES AND PERMITS

13. Discussion and possible action related to conveyance of easement to San Mateo County. (Dowd)

    Staff Recommendation: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the sale and conveyance of the easement area located on a portion of Bay Division Pipelines No. 1 and 2, Parcel 2895, located in Redwood City to San Mateo County for the sum of $5,000.

14. Discussion and possible action related to a lease with Bayshore Holdings. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Bayshore Holdings for the use of approximately 3,500 square feet of SFPUC owned land, located along a portion of the sewer box right of way, north of Napoleon, east of Jerrold Street in San Francisco for sheet metal materials storage, at an annual rental rate of $10,080.

CONSTRUCTION CONTRACTS

Award

15. Discussion and possible action related to Clean Water Program Contract No. CW-209. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-209, Union/ Kearny Streets Sewer Replacement, in the amount of $1,265,270 to JMB Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

16. Discussion and possible action related to Legislative Representation and Advocacy services. (Continued from the meeting of February 13, 2001.) (Carlin)

Staff Recommendation: Authorize the General Manager of Public Utilities to award and execute a contract for Legislative Representation and Advocacy services to Hooper, Owen & Winburn for an amount not to exceed $275,000 for one year with two one-year renewals based on annual performance review by the General Manager.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8:

Property:	Skyline Quarry, San Francisco Watershed Lands in San Mateo County
Parties Negotiating:	CCSF – Dowd/Hickman
Permittee:	San Francisco Police Department
Under Negotiation:	MOU Renewal

20. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

21. Announcement following Closed Session.

22. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

February 27, 2001
1:30 P.M.
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Frank L. Cook
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:36 P.M.

2. Roll Call: Present - President Victor G. Makras, Vice President Ann Moller Caen, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

   Commissioner E. Dennis Normandy arrived at 1:38 P.M.

3. Approval of Minutes

   There were none submitted.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   Commissioner Caen commended staff on the Quarterly Budget Variance Reports. She stated it is a very good way for the Commission to stay attuned to what's going on and liked the way the Bureau Heads set forth the various issues that have occurred during the quarterly period. Commissioner Caen inquired as to when the Grand Jury Report would be discussed. John P. Mullane, General Manager of Public Utilities, stated that the report would be presented at the first meeting in March.

   President Makras stated that at the last meeting he requested an agenda item to discuss the commercial paper cost of $500,000 that was in the CIP and wanted to know when would the Commission receive the report. Mr. Mullane responded that the report would be presented at the first meeting in March. President Makras also requested staff include in the agenda item an analysis of the commercial paper and rate impact. He said some commercial paper had been sold and ultimately they would convert to bonds and that has a bottom effect to the rate. He stated he wanted to see the real impact on the operations and the use of the money. He said this should be before the Commission soon in order to see how it fits into the long-term capital improvement package. He believed it should be a stand alone discussion being that the Commission approved it as a stand alone financing package.

   President Makras questioned why the Commission has not received a closed out contract for the Y2K program. He requested staff prepare a list of any expenditure to that contract since January 2000.

6. Introduction of New Business by Commissioners

Commissioner Caen noted an article in the Wall Street Journal about Dallas and how they were having problems with fiber optic cables being installed adjacent to water mains. She inquired if there is a policy for laying cables in regard to our water main and if SFPUC allows boring as opposed to drench digging. She noted that Dallas has banned boring. Mr. Mullane stated that this would be covered under the General Manager's Report.

President Makras asked if it would be possible or appropriate for staff to prepare work orders and their scope of work for next year's program management contract. He thought that work orders had been dealt out like a deck of cards and it would be better to have definite work orders before the year started. He envisioned that program management would come in and give the SFPUC some great ideas and innovative ways of doing things and that, blended with the knowledge of the way SFPUC does business, would complete the work. It appeared to him that there was a tug of war on work orders and that the big picture was being lost. He stated that creative ways to accomplish major goals was needed so he asked staff to scope the work orders for next year within 30-60 days. The goal would be that the Commission could look at the scope prior to the start of the calendar year and know what is funded and what the 12 months worth of work would look like. Mr. Mullane responded in the affirmative.

7. Report of the General Manager

John P. Mullane, General Manager of Public Utilities, requested continuance of Item 14 to the Call of the Chair.

a. Year 2000 Combined Charities Campaign

Mr. Mullane stated that the campaign for last year was now complete and it was very successful as far as the City and SFPUC and their participation in the campaign. The SFPUC had a goal of $90,000 and actually collected $105,617, which made the SFPUC the second highest grossing department in the City behind the Police Department for two consecutive years. He introduced Ruben Rodriquez from the Combined Charities Campaign Steering Committee. Mr. Rodriquez stated that the campaign raised $895,000, an increase from the previous year of $736,000. He presented to the Commission certificates for Outstanding Department, Outstanding Departmental Increase and Overall Participation and a Special Recognition Award to Everett Brandon, Chairman, City-wide Combined Charities Campaign. Captain John Ehrlich, San Francisco Police Department, presented the Mayor's Proclamation to Everett Brandon. Mr. Mullane gave

special thanks and acknowledgement to the SFPUC Coordinators Anna Wong and Myra Forsythe.

b. Energy Conservation Fair

Marla Jurosek, Director of Retail Services, Hetch Hetchy Water and Power, stated that the Mayor held a press conference yesterday to announce the San Francisco Energy Fair to be held in City Hall on March 10, 2001 from 10:00 a.m. to 4:00 p.m. The SFPUC is the lead agency for this project for the Mayor. Also present at the press conference were representatives from the Department of the Environment, the State and Pacific Gas and Electric (PG&E). The Energy Efficiency Fair is designed to provide San Francisco residents with energy saving tips and ideas to help achieve the Mayor's goal of a 10% City-wide energy reduction. There will be presentations, booths with energy conservation ideas and products such as appliances, many of which will be given away as door prizes, a light bulb exchange program where residents can exchange an incandescent bulb for a compact fluorescent bulb donated by PG&E, and a poster and poetry slam contest for children.

c. Electronic Bill Payment

Marge Vizcarra, Acting Manager, Customer Service Bureau, gave a presentation on a new service that is now available to our customers called Electronic Bill Presentment and Payment (EBPP), which is another form of bill delivery and payment option. She stated that the SFPUC has gone from conventional payment options to high tech payment options that include pay by phone, home banking and direct debit. EBPP is the delivery of bills and making payments over the Internet. A customer can receive and pay bills from any PC anywhere at any time. Through partnership with billserv.com, an EBPP service provider, this service is available to SFPUC customers at a wide variety of web sites that include banks, brokerages, credit unions and web portals such as Yahoo, USPS, Checkfree and Bills.com. SFPUC will not charge a fee to its customers for the service; however, the web site that enrolls the customers to receive and pay their bills may charge a transaction fee that can vary from zero to $7.00 a month or 40 cents per transaction. She stated that SFPUC's goal is for 10,000 customers to adopt EBPP by early 2002. Marketing plans include bill inserts, bill messages and some customized messages on outgoing and return envelopes. She stated that the plan is to offer EBPP through the SFPUC website. Ms. Vizcarra gave an electronic demonstration on how to make a payment over the Internet. Commissioner Bhatt inquired whether this service is available to all customers and if the social security or tax identification number is required. Ms. Vizcarra responded that the service is available to all customers, and there are no set limits or parameters that a certain company cannot enter. As long as they have an account number and fill out all the information required by the web site or portals that they are signing on then SFPUC will be able to offer the

service to everyone. The social security number is not required by the SFPUC. The Commission passed a resolution a year ago that the Department cannot obtain social security numbers from our customers and it will not be put into our billing system; however, it maybe required by the web site that the customer signs on.

d. City Distribution Division Facilities

Antonio Flores, Manager, City Distribution Division, stated that the presentation by Karen Kubick on the City Distribution Division (CDD) facilities was a condensed version of the condition of the infrastructure north of the county line. It showed both the existing failures and the potential for future failures, tanks overturning, reservoir roofs collapsing, pipelines failing, an inability to get water from the east to the west side of town and from the high zone to the low zone, a very critical aspect of the system. He stated that there was a great deal of risk involved in operating the way we are currently operating and even if the Department were fully funded tomorrow it would take three to four years to minimize that risk. The good news was that time had not been wasted since Ms. Kubick's arrival in 1997 and assessment has commenced on 62 sites and major pipelines. He urged the Commission to act on the Capital Improvement Program (CIP) 2000 plan that has been submitted.

Karen Kubick, Project Manager for the City Distribution Division Capital Improvement Program, gave an electronic presentation highlighting the condition of the City Distribution piping, reservoirs, tanks, pump stations and support facilities. She explained the highest priority projects and the reasons for the urgency to construct them. The cost, the schedule and the process were discussed. She also gave an overview on what has been constructed, what is in construction and what will be built with current funds.

Commissioner Caen inquired about the number of reservoirs out of service and commented about the life schedule and that the Commission should be projecting ongoing life cycles. Commissioner Cook inquired whether Lake Merced is part of the reserve reservoir and are there plans to bring the lake to reserve status. Ms. Kubick responded that there is a project included in the CIP to use water from Lake Merced. Commissioner Bhatt inquired whether there are still any existing problems with the reservoirs from the 1989 earthquake. Ms. Kubick responded there are problems from 1989 that still need to be addressed. President Makras concurred with Commissioner Caen regarding life schedules, life cycle cost and 100 year plan and stated he will be looking for that when the CIP is presented to the Commission. He stated it was very high on his schedule to have a long-range capital improvement plan in place. He felt it would be helpful in making a presentation to the public to include a line on the useful life of the facility. He felt that this current presentation gave the impression that anything built since 1954 needed to be

torn down and new facilities built. That, in fact, was not really the case because oftentimes the SFPUC had spent money on the facility and it might have as much as 60 years of useful life left. He thought staff should also identify the cost for short term and long term repair/replacement so that on a 100 year plan it could be identified what needed to be replaced or repaired now and what could be done down the line. He wanted to know if an item was replaceable, repairable or had to be completely redone. He asked Ms. Kubick if she had downloaded the life schedule and the 100-year plan. Ms. Kubick responded that it is not available at this time but could respond in a month. President Makras stated that was to be the focus and approach he was going to take and that Art Jensen of the Bay Area Water Users Association had suggested that approach in 1997 and again recently.

Commissioner Normandy concurred with President Makras' comments and other Commissioners relative to the overall picture of the CIP. He stated that these were the elements that must be included in the long-range strategic plan. The Commission needed to know what the priorities were and what the life cycles were. Mr. Flores responded that most of the facilities were repairable; some needed to be replaced, some had to have some restructuring and a couple involved complete refurbishment but most needed seismic stabilization.

President Makras reminded staff that Commissioner Cook was concerned about scheduling maintenance on a regular basis and Mr. Flores stated that he did not think that had been factored into the CIP plans being proposed. Commissioner Cook stated that he would be looking specifically at this aspect.

Commissioners Makras, Caen and Normandy commended Ms. Kubick on her presentation.

Public Comment:

Emeric Kalman questioned whether the CDD CIP presented today was finished or was it part of the 10-year $1 billion Capital Improvement Financial Plan in Item 7f. Mr. Flores responded that the CDD CIP was not final. Staff had gone through a prioritization process to choose the most important projects and there has been no plan yet approved by the Commission.

e. Fiber Optic Issues

Antonio Flores, Manager, City Distribution Division stated that the SFPUC has begun experiencing problems with fiber optic cable installers installing cable on top of or immediately adjacent to the mains and service line connections to mains. Pictures of problems that occurred in the last three months were

shown. The regulations require installers to be at least one foot away from water mains and not directly above water mains except at crossings. CDD is concerned that they may cut improperly installed fiber optic cables causing loss of service. The Department of Public Works (DPW) has reported that such losses cost as much as $100,000 per minute. CDD has requested assistance from the City Attorney regarding the assessment of liability. DPW's staffing problems, mainly insufficient inspection staff and its impact on the problem, was also discussed. Mr. Flores introduced Chris McDaniel of DPW. Commissioner Caen inquired whether the Department had problems with mains being damaged and if the contractors only use open drench or do boring. Mr. McDaniel responded that the excavators use backhoes and have damaged 3 or 4 water mains in the last year. Also that the open cut is the preferred method but in some cases the contractor must use the boring method which requires a special permit. Commissioner Normandy asked what was the solution; new legislation, oversight bodies, or better coordination of the departments. He requested that staff report back with some very practical solutions. President Makras concurred with Commissioner Normandy and suggested that staff indicate in the report if permits were taken out and whether or not there was compliance because if the contractors were complying then legislation was needed. Mr. McDaniel stated that DPW was going forward and is almost ready to present their fee modification. There will be an increase in their fees for all excavators Citywide. The dollar amount will be quite high and will enable DPW to provide more staff for inspections so that many problems will be eliminated. In responding to Commissioner Caen, Mr. McDaniel stated San Francisco, unlike Dallas, has a street coordination center that requires all excavators to submit a 5-year plan so the City knows where projects are. Commissioner Cook recommended that the new fee rate schedule have a penalty for contractors installing cables illegally and require removal of cables. Mr. Mullane stated that DPW needs more staff in order to inspect and catch these things up front and to fund that they are going to substantially increase their rates. This will have an impact on the Department's operation because SFPUC pays the same rate for excavation as everyone else. He suggested that Mr. Flores contact DPW regarding some type of reciprocal arrangement for the payment schedule. President Makras stated he would contact the Director of Public Works to have a discussion on a minimum financial charge for both departments.

f. Plans: Capital Improvement, Financial and Strategic

William Berry, Assistant General Manager, Finance and Administration stated that staff had hoped to present the plans at today's meeting but would need an additional day. The plan was to transmit the report to the Commission and schedule a special meeting some time in March to have a presentation and go through each of the reports in detail. President Makras asked why the Commission was not notified in advance that the plans would not be

presented at today's meeting. Mr. Mullane stated that staff realized that this was the largest single and most significant item that would be before the Commission and it would take one or more workshops to accomplish. It was not the plan to make a formal presentation at today's meeting. President Makras expressed his disappointment and stated that when an item was calendared the Commission and the public expected to have a document pertaining to that item to review. He stated that the Commission was willing to grant an extension with the understanding that when the item was calendared there would be a document in written form so members of the public would have it. The Commission wanted full participation from members of the community, the Mayor's office, the Public Utilities Infrastructure Task Force and the Bay Area Water Users Association. Mr. Mullane expressed his disappointment and embarrassment for not having the document available today but stated that it was staff's intention to hold public meetings to discuss the reports. Commissioner Caen agreed that the concept of a workshop was a good idea but did not think everyone should be involved from the beginning. It should come before the Commission first for review and comment and then get input from others. Mr. Mullane stated the workshop would be an open meeting but he would need to check with the City Attorney because of the Sunshine Ordinance as to whether public comments could be deferred or limited. President Makras stated the Commission would grant a one-month extension and requested that the minutes reflect there was no draft for the Commission to review at today's meeting, even though the item was calendared.

Item 7f was continued to the meeting of March 27, 2001 at the request of staff.

Commissioner Normandy was excused at 3:05 p.m.

Item 10 was taken out of order.

10. Discussion and possible action related to the SFPUC Right of Way Encroachment Removal and Right of Way Vegetation Management Policies. (Continued from the Meeting of January 23, 2001).

Cheryl Davis, Manager, Water Supply and Treatment Division, stated that at the January 23, 2001 meeting the Commission directed staff to work with the residents of North Fair Oaks on the Encroachment Removal Policy. Staff had a series of meeting with the residents. Ms. Davis pointed out that there was still a commitment for immediate removal of encroachments dangerous to our pipelines; an orderly process for revocable permits for removal of things not considered an immediate danger, and a special category for things that could be permitted on a long-term basis or under special circumstances. The permit fee had been reduced while still maintaining liability insurance and minor changes made to the Vegetation Management Plan to reflect that trees would be looked at

on a case by case basis as to whether they constituted a risk in terms of a liability to our pipelines. The item before the Commission was mutually acceptable to staff and the residents.

Commissioner Caen commended staff for an excellent job and inquired as to how the liability insurance was worked out. Ms. Davis responded that staff confirmed it was possible for residents to obtain up to $1 million in liability insurance and names of insurers were provided to the Neighborhood Task Force.

Commissioner Cook expressed concern about the $100.00 lifetime permit fee and suggested that the permits be renewed on a three-year basis. President Makras stated that the goal was to have a clear understanding with the homeowners as to how they could use SFPUC property to avoid any problems in the future. Staff had provided that. This was not a revenue enhancement but management control of the right of way.

Commissioner Caen excused at 3:30 p.m., returned at 3:35 p.m.

President Makras asked whether the policy applied to the entire right of way or just to the North Fair Oaks Community. Ms. Davis stated that it applied to neither. It affected the minority of the right of way in that there were some special conditions – Category B referred to unusual conditions. Category C allowed long-term permits but did not allow grandfathering in by any or all persons on the right of way. Persons on any part of the PUC right of way, if they fit within the language, could apply this policy. Mr. Mullane explained that most of this package applied to approximately 4% - 6% of the right of way because it related to an urban area with many idiosyncrasies that were affected by the pipeline. Outside of this area, it would be looked at on a case by case basis. President Makras asked what the appeal process was to be if a person was not happy with the ruling. Mr. Mullane responded that the matter would be brought to the General Manager.

Public Comment:

Steve Mader stated that for the last month a core group of residents had been working with staff on the right of way encroachment removal policy. They looked at the right of way situation in North Fair Oaks and looked at situations outside of the North Fair Oaks area, including encroachments such as trees, dumping, structure and access problems. They also toured areas of the right of way so that residents could further understand the SFPUC's problems. He stated he believed this policy worked for both parties and had the support of North Fair Oaks Community and the SFPUC staff. He looked forward to working with staff in the implementation of the policy in the future.

Cliff Planchon stated that there was a group of homeowners who were willing to explore the idea of having a neighborhood association to provide the required

insurance and also maintain the corridor land within the area and obtain required permits. Also, a group of neighbors are interested in community gardens.

Commissioner Bhatt was excused at 3:40 p.m. and returned at 3:58 p.m.

Bill Clebsch thanked the Commission and staff on behalf of the North Fair Oaks neighborhood for making a model agreement possible for the whole Hetch Hetchy right of way and educating the neighborhood about the right of way. He stated that the neighborhood fully supports the policy and looked forward to working on the permits and implementation. He acknowledged residents in attendance that supported the policy.

Mary Coady waived her time in favor of Dan Casas and Mara Young waived her time in favor of Andrew Young.

Andrew Young stated he would like to extend a fence in the future and asked whether the policy applied to others along the easement particularly in the North Fair Oaks area and if so, he would very much be in support of the whole policy.

Gabriella Lombardi stated that if the policy dealt with everyone on the right of way, the Commission might want to consider that some residents would like to extend their fences but have not been able to do so and the February 27 date was arbitrary. She stated she would like to have the opportunity to maintain the land, as have others and asked if the Commission would consider applying the policy to everyone equally as opposed to people who had their encroachments in place at the present time.

Adam Hurtado asked if the policy was adopted would there be a height limit for fences.

Dan Casas, counsel for Mary Coady, stated that the policy identifies three categories into which a property owner's encroachment could fall and asked where his client fell. If in Category C, then she would get the lifetime permit. If Category A, she would not agree with it and if Category B, there would be a question of insurance. The other issue would be the revocability of lifetime permits. He felt that it would be preferable to have a revocability policy that had some conditions, i.e. that if there was a danger to the pipeline the SFPUC could revoke the permit.

President Makras stated he was not supportive of putting conditions on revoking the permits. Commissioner Cook stated he was supportive of the permit process and it should be standardized. He was looking for uniformity for the entire right of way and not a selected group. President Makras asked if staff would be supportive of a uniform policy permit process for the entire right of way. Ms. Davis responded that they would not be. She stated that the ability to maintain, access and upgrade pipelines is made more difficult by fences and

encroachments. The policy as presented today reflected specific, self-defined situations for granting a permit. Mr. Mullane stated that staff would be willing to live with what's currently there but did not endorse a policy that would allow fences to be constructed in the future by anyone wanting a permit.

Commissioner Cook moved to amend the fee structure to be $100.00 for a three year term renewable each three years and for a permit to be extended to all, seconded by Commissioner Bhatt.

Commissioner Caen expressed concern about operational issues raised by staff if the policy was amended to offer permits to all. At the request of President Makras, Commissioner Cook withdrew his motion and Commissioner Bhatt withdrew his second. President Makras requested a motion to continue this item to allow staff time to evaluate the operational impact of the suggested changes to the permit process.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to continue Item 10 to the next regular meeting of March 13, 2001; passed (4-0) unanimously.

Commissioner Cook was excused at 4:15 p.m.

At 4:15 p.m. the meeting was recessed. At 4:30 p.m. the meeting reconvened.

8. Bay Area Water Users Association (BAWUA) General Manager's Report

   a. Water System Reliability Improvements: Risk Reduction as a Goal

   Item 8 was continued to the next regular meeting of March 13, 2001.

9. Public Comments

   There were none.

REGULAR BUSINESS

11. San Francisco Retail Shortage Allocation Plan – Preliminary Discussion

    Item 11 was continued to the next regular meeting of March 13, 2001 at the request of President Makras.

12. Presentation related to SFPUC Outreach/Action Plan

Moved by President Makras, seconded by Commissioner Bhatt to continue Item 12 to the next regular meeting of March 13, 2001; passed (3-0) unanimously.

LEASES AND PERMITS

13. Discussion and possible action related to conveyance of easement to San Mateo County.

Moved by Commissioner Bhatt, seconded by Commissioner Caen to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 01-0048: Authorize the General Manager of Public Utilities to request the Director of Property to prepare and submit legislation to the Board of Supervisors to accommodate the sale and conveyance of the easement area located on a portion of Bay Division Pipelines No. 1 and 2, Parcel 2895, located in Redwood City to San Mateo County for the sum of $5,000.

14. Discussion and possible action related to a lease with Bayshore Holdings.

Item 14 was continued to the call of the chair at staff's request.

CONSTRUCTION CONTRACTS

Award

15. Discussion and possible action related to Clean Water Program Contract No. CW-209.

Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution; passed (3-0) unanimously.

Resolution No. 01-0049: Award Clean Water Program Contract No. CW-209, Union/Kearny Streets Sewer Replacement, in the amount of $1,265,270 to JMB Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

16. Discussion and possible action related to Legislative Representation and Advocacy services. (Continued from the meeting of February 13, 2001).

    Moved by Commissioner Caen, seconded by Commissioner Bhatt, to adopt the following resolution as amended; passed (3-0) unanimously.

    Resolution No. 01-0050: Authorize the General Manager of Public Utilities Commission to award and execute a contract for Legislative Representation and Advocacy services to the firm of Hooper, Owen & Winburn for a period of one year with a 30-day cancellation clause. The annual amount of the contract is not to exceed $275,000.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

    There were none.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Commissioner Bhatt, seconded by Commission Caen to assert the attorney-client privilege; passed (3-0) unanimously.

The Public Utilities Commission went into Closed Session at 4:45 P.M. to discuss the following items:

19. Conference with Real Property Negotiator – Pursuant to Government Code Section 54956.8:

Property:	Skyline Quarry, San Francisco Watershed Lands in San Mateo County
Parties Negotiating:	CCSF – Dowd/Hickman
Permittee:	San Francisco Police Department
Under Negotiation:	MOU Renewal

SFPUC

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

March 13, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

Victor G. Makras, President
Ann Moller Caen, Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

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The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Know your rights under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a. California Preservation Foundation Award – Sunol Temple. (Chen)

   b. Grand Jury Report. (Mullane)

   c. San Francisco Water Alliance Monthly Report. (Kluesener)

8. Bay Area Water Users Association (BAWUA) General Manager's Report (Continued from the meeting of February 27, 2001.)

   a. Water System Reliability Improvements: Risk Reduction as a Goal.

9. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

10. Discussion and possible action related to the SFPUC Right of Way Encroachment Removal and Right of Way Vegetation Management Policies. (Continued from the meeting of February 27, 2001). (Davis)

    Staff Recommendation: Amend the SFPUC Right of Way Encroachment Removal Policy and Right of Way Vegetation Management Policy.

11. Preliminary Discussion - San Francisco Retail Shortage Allocation Plan. (Continued from the meeting of February 27, 2001.) (Carlin)

12. Presentation related to SFPUC Outreach/Action Plan. (Continued from the meeting of February 27, 2001. Proposed for continuance to March 27, 2001) (Fletcher)

    Staff Recommendation: For discussion only.

13. Discussion and possible action related to the water supply contracts with East Palo Alto County Water District and the City of Menlo Park. (Laws)

    Staff Recommendation: Authorize the General Manager of Public Utilities to execute amendments to the individual water supply contracts with: (1) East Palo Alto County Water District for the assignment of the portion of its service territory located in East Palo Alto to the City of East Palo Alto and reducing its share of supply assurance by 0.22 mgd; and (2) City of Menlo Park revising its service territory to include areas in Menlo Park formerly served by the East Palo Alto County Water District and increasing its share of supply assurance by 0.22 mgd.

14. Discussion and possible action related to setting a public hearing to consider water and sewer rates. (Laws)

Staff Recommendation: Designate April 24, 2001 at 1:30 P.M. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco as the date, time, and place for a public hearing to consider proposed rate adjustments for water and sewer services and miscellaneous fees.

15. Discussion and possible action related to a grant from the Department of the Environment. (Park)

Staff Recommendation: Authorize the General Manager to apply for, accept and expend a grant in the amount of $2,266,220 from the San Francisco Commission on the Environment to mitigate the impacts of the Hunter's Point and Potrero Power Plants.

CONSTRUCTION CONTRACTS

Advertise

16. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-893. (Quan)

Staff Recommendation: Approve the plans and specifications; and authorize bid call for Hetch Hetchy Water & Power Contract No. HH-893, South Fork Bridge & Road Repairs.

17. Discussion and possible action related to Clean Water Program Contract No. CW-254. (Quan)

Staff Recommendation: Approve the plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-254, 26th Street/Folsom Street/Precita Avenue Sewer Replacement.

18. Discussion and possible action related to Clean Water Program Contract No. CW-278. (Quan)

Staff Recommendation: Approve the plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-278, Peters/Eugenia Avenues Sewer Replacement.

Award

19. Discussion and possible action related to Clean Water Program Contract No. CW-243. (Quan)

    Staff Recommendation: Award Clean Water Program Contract No. CW-243, Morris/ Ritch/Sterling/Rincon Streets Sewer Replacement, in the amount of $428,834 to JMB Construction, Inc.

Close

20. Discussion and possible action related to San Francisco Water Department Contract No. WD-2202. (Quan)

    Staff Recommendation: Accept work performed for San Francisco Water Department Contract No. WD-2202, 12-Inch Ductile Iron Main Installation on 24th Street between Valencia Street and Harrison Street; approve Modification No. 1 decreasing the contract by $137,940.53 and extending the contract duration by 7 calendar days; and authorize final payment of $14,000 to J. Flores Construction Co., Inc.

21. Discussion and possible action related to Clean Water Program Contract No. CW-165. (Quan)

    Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-165, Clipper/Noe/Kingston/Fair Oaks Streets Sewer Replacement; approve Modification No. 2 (Final) decreasing the contract by $21,913; and authorize final payment of $74,613 to the contractor, D'Arcy & Harty Construction, Inc.

22. Discussion and possible action related to Clean Water Program Contract No. CW-205. (Quan)

    Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-205, 4th Avenue/5th Avenue/Paris Street Sewer Replacement; approve Modification No. 2 (Final) increasing the contract by $15,445, with a time extension of 14 consecutive calendar days; and authorize final payment of $34,885, to J. Flores Construction Company, Inc.

23. Discussion and possible action related to Clean Water Program Contract No. CW-210. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-210, Polk/Francisco/Quincy Streets Sewer Replacement; approve Modification No. 1 (Final) decreasing the contract by $17,945; and authorize final payment of $17,192 to the contractor, Shaw Pipelines, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

24. Discussion and possible action related to Hetch Hetchy Water Treatment Project-Phase 2 Chloramine Conversion. (Mallett)

Staff Recommendation: Award Professional Services Agreement CS-660, Development and Implementation of the Chloramine Conversion Public Outreach Program, in support of the Hetch Hetchy Water Treatment Project Phase 2 – Chloramine Conversion, to Merritt Smith Consulting, for an amount not to exceed $730,000 and a term of 30 months.

LEASES AND PERMITS

25. Discussion and possible action related to a Right of Way Extension Agreement. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Right of Way Extension Agreement between Alameda County Water District, George Emmett, and the City and County of San Francisco, for SFPUC land located on a portion of parcel 50 of Alameda County lands, City of Fremont, Alameda County.

CLOSED SESSION

26. Public comments on matters to be discussed in Closed Session.

27. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

28. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Deer Road Extension Agreement/Niles Reservoir
Parties Negotiating:	CCSF – Dowd Alameda County Water District/George Emmett
Under Negotiation:	Terms and Conditions

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein)

Existing Litigation:	California Trout v. CCSF, et.al., State Water Resources Control Board.

30. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Sullivan)

Existing Litigation:	CCSF vs. Chevron Pipeline Company Property: Alameda County Lands

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation:	Pacific Gas and Electric Company v. Loretta M. Lynch, Henry M. Duque, Richard A. Bilas, Carl W. Wood, and Geoffrey F. Brown, in their official capacities as Commissioners of the California Public Utilities Commission, United States District Court, For the Central District of California, Western Division, Case No. CV 01-1083-RSWL (SHx).

32. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c):

Anticipated Litigation:	The People of The State of California, by and through San Francisco City Attorney Louise H. Renne v. Dynegy Power Marketing, Inc., et al., United States District Court, Northern District of California Case No. C 01 0780CW.

33. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

34. Announcement following Closed Session.

35. Motion regarding whether to disclose the discussions during Closed Session.

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

March 13, 2001
1:30 P.M.
1155 Market Street, Room 402

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Victor G. Makras, President
Ann Moller Caen, Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

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Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.

2. Roll Call: Present - President Victor G. Makras, Commissioner E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

   Vice President Ann Moller Caen arrived at 1:37 P.M.

3. Approval of Minutes

   Moved by Commissioner Normandy, seconded by Commissioner Bhatt, to adopt the Minutes of the Special Meeting of January 18, 2001; and the Minutes of the Regular Meeting of January 23, 2001; passed (4-0) unanimously.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   There was no discussion.

6. Introduction of New Business by Commissioners

   Commissioner Normandy requested staff to recommend a policy concerning collection, preservation, and display of historical archives relating to SFPUC.

7. Report of the General Manager

   John P. Mullane, General Manager of Public Utilities, requested continuance of Item 12 to the call of the Chair.

   a. California Preservation Foundation Award – Sunol Temple.

      Lena Ch'en, Project Manager at the Utilities Engineering Bureau, reported that the California Preservation Foundation awarded the SFPUC with the "2001 Preservation Design Award" for the category of Craftsmanship and Preservation Technology. The award was given in recognition of SFPUC's work in the restoration of the Sunol Temple. Ms. Ch'en presented the plaque to the Commission. The Project's preservation architect Carey and Co., and construction engineer, Soha Engineers were also honored.

b. Grand Jury Report.

Mr. Mullane noted that the San Francisco Grand Jury reviewed the use of overtime by many City departments and the City Distribution Division (CDD) was one of the departments mentioned in the report. He said SFPUC Internal Audit staff audited the overtime practices in the City Distribution Division and a report was submitted to the Commission. The audit was performed to respond to the concerns of the Grand Jury Report.

Mr. Dwight Steeves, SFPUC Internal Auditor at the Bureau of Finance, addressed the issues contained in the Grand Jury's Report and presented recommendations to reduce overtime costs in CDD and manage overtime use.

Mr. Steeves stated that the Jury was concerned about keeping positions unfilled to fund overtime with the idea of supplementing income, but he did not find any example of that. The Grand Jury was also concerned about the way City departments budget for overtime and that the CDD's budget did not differentiate discretionary and emergency overtime. To address these concerns, he recommended that CDD prepare a daily report of overtime activity and scheduled overtime, and actual overtime and report this to the Assistant General Manager for Operations on a monthly basis. Mr. Steeves also recommended use of a computer based maintenance and inventory management system (Maximo) for maintenance tracking, record keeping, and inventory control and that this system be integrated with the City's Geographic Information System (GIS) and citywide payroll system.

Mr. Steeves also recommended adopting a policy as to when work should be performed on the day shift or on other shifts on the weekend and when repairs would be made when there is a main break or service interruption. He recommended changing the record keeping procedure and management of overtime at CDD including centralizing the administration of overtime to one person.

Mr. Mullane noted that there was a dispute with the Plumbers Union whose members are primary users of overtime. The City Attorney agreed to negotiate with the union. He reiterated that a policy is needed that when there are main breaks during the graveyard shift, staff is authorized to shut off water service and have a day crew to make the repairs at straight time. He said the savings of overtime versus potential inconveniences of customers should be considered.

Mr. Steeves noted that there is an informal policy at the PUC not to interrupt water service to restaurants, residences, and business offices during the day, early morning or early evening. This policy should be formalized to explain to

customers why repair work must be done at night. Mr. Mullane commented that the practice of doing repair jobs at night increases the cost to developers, builders, and contractors.

Commissioner Cook suggested utilizing this policy into other divisions that have shift work. Mr. Mullane stated that the policy is idiosyncratic to CDD and not to other operations as situations are extremely different with other divisions in the SFPUC.

Commissioner Makras asked whether the Grand Jury took into account past practices and various MOU's with different terms. Mr. Mullane responded that it seemed that they took the report of the Controller's Office and did not get down to the nitty gritty of each operating unit on the list. Neither did they discussed the report with SFPUC staff.

San Francisco Water Alliance Monthly Report.

John Kluesener of the San Francisco Water Alliance gave a brief presentation concerning the activities of the San Francisco Water Alliance (SFWA) for the month of February 2001.

Major activities he mentioned included enhancement of contract closeout listing; expansion of training plans for Project Managers and management class; working with the Communications Group to enhance skills in delivery of community relations materials; working on project control and project engineering training courses and Technology Transfer Program; preparing the CIP Minority Business Enterprise/Women-Owned Business Enterprise database for increasing skills of MBE/WBE and get more work from the City; looking at enhancing SFPUC capabilities in safe design process; and working with CIP 2000 team in the development of scope, estimates, and schedule for CIP projects.

With regard to MBE/WBE participation, SFWA had a 10% goal for women-owned and 30% on minority owned. Mr. Kluesener noted that they are approaching the 30% targeted participation for minority-owned and almost 40% on minority women-owned.

8. Bay Area Water Users Association (BAWUA) General Manager's Report (Continued from the meeting of February 27, 2001.)

   a. Water System Reliability Improvements: Risk Reduction as a Goal.

   Art Jensen, General Manager of the Bay Area Water Users Association, gave a presentation using electronic slides about what were needed to be done to ascertain water supply reliability in San Francisco and suburban areas. He talked about the system's aging facilities and the risk of massive failure after a

major earthquake that may lead to outages up to 60 days. He recommended starting with the repair and replacement of aging facilities now.

He suggested using the capital Improvement Plan (CIP) as a tool in the decision making process. He suggested examining risk reduction as a goal in the development of the Capital Improvement Plan. With regard to the Financial Plan he stated that it should be able to answer questions on how well these projects could maintain high quality service and reduce exposure to risks and whether all possible alternatives to fund necessary projects have been considered. He also suggested spreading the projects over time at a minimum rate impact. He hoped that a master plan for the regional water system would be developed similar to the master plan for the City.

9. Public Comments on matters not on today's agenda.

There were no public comments.

REGULAR BUSINESS

10. Discussion and possible action related to the SFPUC Right of Way Encroachment Removal and Right of Way Vegetation Management Policies. (Continued from the meeting of February 27, 2001).

Cheryl Davis, Water Supply & Treatment Division Manager, stated that the policy before the Commission addressed all right of way encroachments. It did not allow all current encroachments to be permitted; it amended Category B to allow fence encroachment currently in place; and modified Category C to allow creation of revocable permits for encroachments currently in place.

President Makras expressed support for the item as it sent a message of fairness and it was consistent with the protection of the PUC right of ways. He stated that he supports a $100 renewable fee every three years as recommended by Commissioner Cook.

Commissioner Cook inquired how the policy extended to a rented home at Fair Oaks where the owner is an absentee landlord and the tenant continued to encroach. President Makras explained that the policy would have no limitation as to whether it is the lessee or lessor.

Public Comments:

Bill Clebsch from Fair Oaks commented in support of staff's recommendation and amendments the Commission had made.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0051: Amend the SFPUC Right of Way Encroachment Removal Policy and Right of Way Vegetation Management Policy.

11. Preliminary Discussion - San Francisco Retail Shortage Allocation Plan. (Continued from the meeting of February 27, 2001.)

Ellen Levin of the Bureau of Strategic and Systems Planning used electronic slides for her presentation regarding the San Francisco Retail Shortage Allocation Plan. Ms. Levin provided background information and overview of the 1987-1992 drought and the allocation methods used for the rationing program during that time. She said the program utilized excess charges as incentive for customers to conserve water. This method was not very effective particularly in terms of general fund municipal accounts that since they are not charged for their water service had no incentives to conserve or invest in water conservation programs or maximize the use of non-potable water for irrigation. General fund accounts were in excess of 23% over their allotments at the time.

Ms. Levin stated that in preparing a shortage allocation plan, it is necessary to consider improving local and retail reliability, identify an allocation method, and identify how excess charges would be applied on water use prohibitions. She suggested developing local recycled water, local groundwater, and regional alternatives such as dry year water purchases and system wide aspects already discussed in the Water Supply Master Plan.

Ms. Levin noted that behavioral changes should also be considered among occupants of residential and single family units and what kind of changes in water use they would have to make such as reduction in flushing of water per day per toilet and reduction in the load of laundry per week. These behavioral changes could come up with a 10% reduction in demand from 47.6 million gallons per day to 36 million gallons per day.

President Makras commented that the Commission should adopt a Shortage Allocation Plan but in adopting the plan, he would like to see the economics of it. At the last drought period, revenues dropped and penalties did not make up the revenues lost from water conservation. Now that the PUC is in a much tighter budget, he said a different package should be considered that would address the effects of water conservation to revenues and what should be done when revenue drops. He said staff should also look at how to deal with customers such as buildings and hotels, who have no control of water consumption by occupants. Ms. Levin stated that there was a pass thru ordinance during 1990-1993 that passed the responsibility to the tenants.

President Makras reiterated the need to adopt an allocation plan now rather than reacting at the time of drought, and have the Board of Supervisors sign off on the plan.

Commissioner Normandy stated that should this plan be implemented, he would like a presentation in the future. He suggested staff to obtain input from communications staff of SFPUC and San Francisco Water Alliance.

President Makras directed staff to submit a draft plan next month.

12. Presentation related to SFPUC Outreach/Action Plan. (Continued from the meeting of February 27, 2001. Proposed for continuance to February 27, 2001)

Staff Recommendation: For discussion only.

Item 12 was continued to call of the Chair.

13. Discussion and possible action related to water supply contracts with East Palo Alto County Water District and the City of Menlo Park.

William Laws, Rate Administrator, spoke to the item. The resolution approves the assignment of the East Palo Alto County Water District's share of water supply assurance to the City of Menlo Park, and revision of respective service territories of the two cities and authorizes the General Manager to execute amendments to the individual water supply contracts with the two agencies. Mr. Laws stated that this will not affect the amount of water the SFPUC is obligated to supply under master sales contract nor does it increase the size of territories served by the two cities.

Moved by Commissioner Caen, seconded by Commissioner Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0052: Authorize the General Manager of Public Utilities to execute amendments to the individual water supply contracts with: (1) East Palo Alto County Water District for the assignment of the portion of its service territory located in East Palo Alto to the City of East Palo Alto and reducing its share of supply assurance by 0.22 mgd; and (2) City of Menlo Park revising its service territory to include areas in Menlo Park formerly served by the East Palo Alto County Water District and increasing its share of supply assurance by 0.22 mgd.

14. Discussion and possible action related to setting a public hearing to consider water and sewer rates.

Moved by Commissioner Normandy, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0053: Designate April 24, 2001 at 1:30 P.M. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco as the date, time, and place for a public hearing to consider proposed rate adjustments for water and sewer services and miscellaneous fees.

15. Discussion and possible action related to a grant from the Department of the Environment.

Laurie Park, Acting General Manager of Hetch Hetchy Water & Power, stated that the figures shown on the agenda item was a rough budget for this proposal.

President Makras stated that he supports the item and that he hoped that this was really a rough budget. He cautioned staff to treat the grant money with the same care as the PUC money and make sure that the goals set for this project are achieved. He commented on the $120,000 budgeted for operating expenses being ten times more than the PUC's budget. Ms. Park explained that this was a very conceptual proposal brought on by three parties, the SFPUC, the Department of Environment, and Golden Gate University Environmental Law and Justice Clinic. She noted that Hetch Hetchy's staff time is $70,000 out of the $600,000 proposed.

Moved by Commissioner Normandy, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0054: Authorize the General Manager to apply for, accept and expend a grant in the amount of $2,266,220 from the San Francisco Commission on the Environment to mitigate the impacts of the Hunter's Point and Potrero Power Plants.

CONSTRUCTION CONTRACTS

Advertise

Moved by Commissioner Cook, seconded by Commissioner Normandy to adopt Items 16, 17, and 18 collectively; passed (5-0) unanimously.

16. Resolution No. 01-0055: Approve the plans and specifications; and authorize bid call for Hetch Hetchy Water & Power Contract No. HH-893, South Fork Bridge & Road Repairs.

17. Resolution No. 01-0056: Approve the plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-254, 26th Street/Folsom Street/Precita Avenue Sewer Replacement.

18. Resolution No. 01-0057: Approve the plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-278, Peters/Eugenia Avenues Sewer Replacement.

Award

19. Discussion and possible action related to Clean Water Program Contract No. CW-243.

    Moved by Commissioner Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 01-0058: Award Clean Water Program Contract No. CW-243, Morris/ Ritch/Sterling/Rincon Streets Sewer Replacement, in the amount of $428,834 to JMB Construction, Inc.

Close

Moved by Commissioner Bhatt, seconded by Commissioner Caen to adopt Item Nos. 20, 21, 22, and 23 collectively; passed (5-0) unanimously.

20. Resolution No. 01-0059: Accept work performed for San Francisco Water Department Contract No. WD-2202, 12-Inch Ductile Iron Main Installation on 24th Street between Valencia Street and Harrison Street; approve Modification No. 1 decreasing the contract by $137,940.53 and extending the contract duration by 7 calendar days; and authorize final payment of $14,000 to J. Flores Construction Co., Inc.

21. Resolution No. 01-0060: Accept work performed for Clean Water Program Contract No. CW-165, Clipper/Noe/Kingston/Fair Oaks Streets Sewer Replacement; approve Modification No. 2 (Final) decreasing the contract by $21,913; and authorize final payment of $74,613 to the contractor, D'Arcy & Harty Construction, Inc.

22. Resolution No. 01-0061: Accept work performed for Clean Water Program Contract No. CW-205, 4th Avenue/5th Avenue/Paris Street Sewer Replacement; approve Modification No. 2 (Final) increasing the contract by $15,445, with a time extension of 14 consecutive calendar days; and authorize final payment of $34,885, to J. Flores Construction Company, Inc.

23. Resolution No. 01-0062: Accept work performed for Clean Water Program Contract No. CW-210, Polk/Francisco/Quincy Streets Sewer Replacement; approve Modification No. 1 (Final) decreasing the contract by $17,945; and authorize final payment of $17,192 to the contractor, Shaw Pipelines, Inc.

PROFESSIONAL SERVICE CONTRACTS

Award

24. Discussion and possible action related to Hetch Hetchy Water Treatment Project-Phase 2 Chloramine Conversion.

Moved by Commissioner Normandy, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0063: Award Professional Services Agreement CS-660, Development and Implementation of the Chloramine Conversion Public Outreach Program, in support of the Hetch Hetchy Water Treatment Project Phase 2 – Chloramine Conversion, to Merritt Smith Consulting, for an amount not to exceed $730,000 and a term of 30 months.

LEASES AND PERMITS

25. Discussion and possible action related to a Right of Way Extension Agreement.

Moved by Commissioner Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0064:	Authorize the General Manager of Public Utilities to execute a Right of Way Extension Agreement between Alameda County Water District, George Emmett, and the City and County of San Francisco, for SFPUC land located on a portion of parcel 50 of Alameda County lands, City of Fremont, Alameda County.

CLOSED SESSION

26. Public comments on matters to be discussed in Closed Session.

There were none.

27. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Normandy, seconded by Commissioner Cook, to assert the attorney-client privilege; passed (5-0) unanimously.

The meeting was recessed from 3:15 to 3:25 P.M. Commissioner Normandy was excused.

The Public Utilities Commission met in Closed Session at 3:25 P.M. to discuss the following matters:

28. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Deer Road Extension Agreement/Niles Reservoir
Parties Negotiating:	CCSF – Dowd
	Alameda County Water District/George Emmett
Under Negotiation:	Terms and Conditions

Present were President Makras, Commissioner Caen, Commissioner Cook, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, and Bureau of Commercial Land Manager Gary Dowd.

No action was taken.

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: California Trout v. CCSF, et.al., State Water Resources Control Board.

Present were President Makras, Commissioner Caen, Commissioner Cook, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorney Joshua Milstein, and Deputy City Attorney Jonathan Lee.

No action was taken.

30. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: CCSF vs. Chevron Pipeline Company
Property: Alameda County Lands

Present were President Makras, Commissioner Caen, Commissioner Cook, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Bureau of Commercial Land Manager Gary Dowd, Deputy City Attorney Charles Sullivan, Water Supply Division Manager Cheryl Davis, and Water and Land Resource Manager Joseph Naras.

No action was taken.

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c):

Existing Litigation: Pacific Gas and Electric Company v. Loretta M. Lynch, Henry M. Duque, Richard A. Bilas, Carl W. Wood, and Geoffrey F. Brown, in their official capacities as Commissioners of the California Public Utilities Commission, United States District Court, For the Central District of California, Western Division, Case No. CV 01-1083-RSWL (SHx).

Present were President Makras, Commissioner Caen, Commissioner Cook, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorney Theresa Mueller, and Assistant General Manager for PUC Operations Lawrence Klein.

No action was taken.

32. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(c):

    Existing Litigation: The People of The State of California, by and through San Francisco City Attorney Louise H. Renne v. Dynegy Power Marketing, Inc., et al., United States District Court, Northern District of California Case No. C 01 0780CW.

    Present were President Makras, Commissioner Caen, Commissioner Cook, Commissioner Bhatt, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, Commission Secretary Jill R. Thompson, Deputy City Attorney Theresa Mueller, and Assistant General Manager for PUC Operations Lawrence Klein.

    No action was taken.

33. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

    Position: General Manager, Public Utilities

    Present were President Makras, Commissioner Caen, Commissioner Cook, and Commissioner Bhatt.

    No action was taken.

Following the Closed Session, the Commission reconvened in open session at 5:28 P.M.

34. Announcement following Closed Session.

    President Makras announced the actions taken during Closed Session.

35. Motion regarding whether to disclose the discussions during Closed Session.

    Moved by Commissioner Cook, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

LEASES AND PERMITS

25. Discussion and possible action related to a Right of Way Extension Agreement.

    Item 25 was voted on in error before the Closed Session. After the Closed Session, Item 25 (Right of Way Extension Agreement between Alameda County Water District, George Emmett, and the City and County of San Francisco) was read again. Commissioner Bhatt moved to adopt staff's recommendation on Item 25. Commissioner Cook seconded. Motion passed (4-0) unanimously. (Please see resolution on previous page).

Thereupon, the meeting was adjourned: 5:30 P.M.

Jill R. Thompson
Secretary

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

March 27, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

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Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) Mayor's Energy Efficiency Fair. 7 mins. (Park)

   b) San Joaquin Pipelines. 7 mins. (Park)

   c) Comparison of Watershed Programs. 7 mins. (Naras)

   d) CIP Presentation and Scheduling. (Berry)

8. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

9. Discussion and possible action regarding Commercial Paper. (Berry)

   Staff Recommendation: For information only.

10. Discussion and possible action regarding Debt Refundings. (Berry)

    Staff Recommendation: For information only.

11. Discussion and possible action related to West Portal Surge Shaft repair. (Park)

    Staff Recommendation: Ratify the Declaration of Emergency made by the President of the Public Utilities Commission to repair leakage from the West Portal Surge Shaft and authorize expenditure of funds from Cherry Power Tunnel in the amount of $147,000.

12. Discussion and possible action related to improvements at the plaza of Baker Street Facility. (Kehoe)

    Staff Recommendation: Accept the gift of $6,088.33 from Golden Gate National Parks Association for improvements at the Baker Street Dissolved Air Flotation Facility.

13. Discussion and possible action related to placement of a memorial bench on SFPUC property. (Kehoe)

    Staff Recommendation: Accept a memorial bench for the late Art Hoppe, from the Friends of Recreation and Park's Memorial Bench Program, for placement on the plaza of the Baker Street Dissolved Air Flotation Facility.

LEASES AND PERMITS

14. Discussion and possible action related to a lease with Beronio Lumber. (Dowd)

    Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Beronio Lumber for approximately 4,550 square feet of SFPUC land located along a portion of the sewer box right of way, north of Napoleon east of Jerrold Street in San Francisco for vehicle parking purposes for a period of five years at an annual rental rate of $13,104.

15. Discussion and possible action related to a lease with S. J. Amoroso Properties. (Dowd)

    Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with S. J. Amoroso Properties for use of approximately 21,344 square feet of SFPUC land, Bay Division Pipeline 3 &4, Parcel 244 located in Palo Alto, Santa Clara County, for parking purposes, for a period of ten years at an annual rental rate of $12,096.

CONSTRUCTION CONTRACTS

Advertise

16. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. WP-15. (Quan)

    Staff Recommendation: Approve plans and specifications; and authorize bid call for Hetch Hetchy Water & Power Contract No. WP-15, Septic Systems Rehabilitation.

17. Discussion and possible action related to San Francisco Water Department Contract No. WD-2363. (Quan)

    Staff Recommendation: Approve plans and specifications; and authorize bid call for WD-2363, Lower Crystal Springs Dam Energy Dissipater.

18. Discussion and possible action related to Clean Water Program Contract No. CW-273. (Quan)

Staff Recommendation: Approve plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-273, Greenwich Street Sewer Rehabilitation and Replacement.

19. Discussion and possible action related to Clean Water Program Contract No. CW-286. (Quan)

Staff Recommendation: Approve plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-286, 2nd/7th Avenues Sewer Replacement.

Award

20. Discussion and possible action related to Clean Water Program Contract No. CW-285. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-285, Perry Street Sewer Replacement, in the amount of $324,890 to JMB Construction, Inc.

Close

21. Discussion and possible action related to Clean Water Program Contract No. CW-165. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-165, Clipper/Noe/Kingston/Fair Oaks Streets Sewer Replacement; approve Modification No. 2 decreasing the contract by $21,913; and authorize final payment of $74,613 to D'Arcy & Harty Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

22. Discussion and possible action related to Maintenance Engineering Corrosion Services. (Davis)

    Staff Recommendation: Authorize the Utilities Engineering Bureau to advertise and request for proposals for Agreement No. CS-653 to provide corrosion maintenance services for the Water Supply Division.

23. Discussion and possible action related to Emergency Management Plan Review. (Klein)

    Staff Recommendation: Authorize the SFPUC Assistant General Manager for Operations to advertise and request for proposals for Agreement No. CS-664 to provide professional services in the review, update, and publication of the SFPUC Emergency Operations Plan.

24. Discussion and possible action related to As-Needed Environmental and Regulatory Services. (Medbery)

    Staff Recommendation: Authorize the Bureau of Environmental Regulation and Management to advertise a Request for Qualifications from environmental consultants to provide as-needed environmental and regulatory services for a period of two years with a total spending authority of $3,000,000.

Amend

25. Discussion and possible action related to the Southeast Water Pollution Control Plant Solids Handling Project. (Quan)

    Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to negotiate and execute an amendment to Agreement No. CS-541, Southeast Water Pollution Control Plant Solids Handling Upgrade Project, with Brown and Caldwell, increasing the contract amount by $125,000 and extending the term by six months to December 31, 2001.

CLOSED SESSION

26. Public comments on matters to be discussed in Closed Session.

27. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Milstein)

    Existing Litigation: California Trout v. CCSF, et.al., State Water Resources Control Board.

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A): (Furman)

    Anticipated Litigation: As Defendant
    Regarding Hetch Hetchy Water and Power Contract Disputes.

30. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

    Property: Balboa Reservoir
    Parties Negotiating: CCSF – Dowd/Kubick
    Under Negotiation: MOU

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

    Existing Litigation: Josephine Bellisario, Claim No. 99W0149-1/01-01571.

32. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

    Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

33. Announcement following Closed Session.

34. Motion regarding whether to disclose the discussions during Closed Session.

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Willie L. Brown, Jr.
MAYOR

MINUTES

March 27, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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Utilities Engineering Bureau
Water Quality

John P. Mullane
GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.

2. Roll Call: Present - President Victor G. Makras, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy

   Commissioner Frank L. Cook arrived at 1:50 P.M.

   Excused - Commissioner Ashok Bhatt

3. Approval of Minutes

   Moved by Commissioner Caen, seconded by Commissioner Normandy, to adopt the Minutes of the Special Meeting of January 30, 2001; passed (3-0) unanimously.

Note: Commissioner Cook arrived at this point.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   There was no discussion.

6. Introduction of New Business by Commissioners

   There was no new business introduced.

7. Report of the General Manager

   The General Manager stated that he wished to take off Item 21, continue Item 30 to April 10 and cancel the Special Meeting called for March 30, 2001.

   a) Mayor's Energy Efficiency Fair.

      Laurie Park, Acting General Manager for Hetch Hetchy Water & Power, gave a report on the Mayor's Energy Efficiency Fair and thanked specifically Kim Knox and Beverley Hennessey. There were 58 vendors and a number of the prizes donated by businesses which helped bring people in. Kim Knox gave a brief overview.

b) San Joaquin Pipelines.

Laurie Park and Everett Hintze gave an update on the San Joaquin pipeline situation. Pictures were shown of leaks, which had occurred through corrosion in Pipeline #3.

REGULAR BUSINESS

Item 13 was taken out of order.

13. Discussion and possible action related to placement of a memorial bench on SFPUC property.

Paula Kehoe, Special Assistant, gave a brief presentation regarding accepting a memorial bench for the late San Francisco Chronicle columnist Art Hoppe in the Plaza of the Baker Street Pump Station. She introduced the Director of Protocol for the Mayor, Charlotte Mailliard Shultz. Mrs. Shultz thanked the Commission for their generosity in allowing the bench to be placed. She expressed the wishes of the Hoppe family for a bench memorializing Mr. Hoppe on the Bay. She explained how the plaza area would be a gateway to Crissy Field, shortly to have a celebratory opening and stated the event for the memorial bench would take place in late April.

Moved by Commissioner Caen, seconded by Commissioner Normandy to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0067: Accept a memorial bench for the late Art Hoppe, from the Friends of Recreation and Park's Memorial Bench Program, for placement on the plaza of the Baker Street Dissolved Air Flotation Facility.

The Commission returned to Item 7, Report of the General Manager.

7. c) Comparison of Watershed Programs.

Joseph Naras, Land Resources Manager, gave a presentation on Watershed Programs. He showed a summary of a survey of Watershed programs in the Bay Area and on the West Coast. Mr. Naras spoke of the benefits of land acquisition to the watershed and water quality.

Vice President Caen asked whether or not we had to acquire more land. Commissioner Normandy stated that was not always the case, for example in Alameda County we had to consider the lands that were

strategic to the PUC and acquire only those and work with the county to see that zoning is applicable.

Commissioner Normandy also asked about recreation management. He asked whether Marin, Santa Clara, Portland and Seattle had information on the negative aspects.

Mr. Naras replied that the MTBE issue had limited the recreation in Santa Clara. Marin was the best example where no water body contact was allowed but there they do allow fishing and hiking. Seattle and Portland were both very protective of their watersheds but some Federal land was involved and so public access was allowed.

President Makras stated that he did not know whether land acquisition was the smartest way to go. He said when the plan came back to the Commission he would be looking at whether a parcel is vital and not just to acquiring more land. He doubted the wisdom of acquiring land when the PUC was faced with a huge CIP. He felt that the PUC was not in the land banking business and the real issue was protection of the watershed. The PUC needed to plan how to convince other governmental agencies through zoning policies to protect the land through their master plans. Over the past four years, there had only been one request to buy a parcel of land and the only reason was that the PUC owned everything around it. If the parcel in question was utilizing Best Management Practices then there appeared to be no gain in acquiring such a parcel. He said he would also be looking at recreational use and public access. He stated the PUC had a large CIP and would be asking the ratepayers to pay more and having better public access to watershed land would help with the issue. Selling the bonds was going to be difficult and the Department needed to think of the whole package. He asked that the Management Plan look to folding in some of these issues.

The General Manager stated that the Planning Commission had certified the EIR for the Peninsula Watershed Master Plan and that it would be coming to the Commission in the not too distant future. He also thought staff would have salient arguments for buying land.

c) CIP Presentation and Scheduling.

Bill Berry, Assistant General Manager for Finance & Administration, stated that the schedule would be that at the regular meeting on April 24 there would be a presentation of each of the CIP plans providing an initial overview. On May 1 the proposal would be to have a staff briefing that would take place at 1155 Market, covering each of the plans and a detailed discussion to take as long as required. At the May 8 regular Commission meeting, a presentation to summarize and discuss changes

would occur. Staff hoped that the Commission would begin consideration of adoption of the plans.

The General Manager stated that he had sent a letter to Mr. Bodisco, Chair of the Mayor's Task Force, inviting the Task Force to participate in any or all of the meetings scheduled. The Task Force had a regular meeting the coming Friday when staff would give a presentation on the CIP. Planning, Finance and operational staff would be available over the next month if the Task Force had questions and concerns. The Bay Area Water Users had also been invited to attend. Copies of the plans had also been sent to the Board of Supervisors, the Mayor's Office and to various City engineering departments.

Commissioner Normandy asked the General Manager for a summary report as to the input provided.

8. Public Comments on matters not on today's agenda.

Jerry Cadagan of the Committee to Save Lake Merced gave a brief chronology on the water level of Lake Merced, recycled water and actions taken by the Commission and staff. He requested the Commission to have regularly scheduled agenda items asking staff on the status of negotiations with Daly City, the golf courses and others. He asked specifically for:

- The number and frequency of the meetings
- The issue that have been resolved, if any
- The issues which have not been resolved
- Which of the parties had made any kind of financial commitment with regard to recycled water facility in Daly City.
- The estimated date for the signing of contracts for recycled water
- The estimated date for actual delivery of recycled water

President Makras asked the General Manager if anything was going to be seen in the near future.

Mr. Mullane stated that there is a discussion scheduled for closed session on these issues.

REGULAR BUSINESS

9. Discussion and possible action regarding Commercial Paper.

Mr. Berry stated that the agenda item was attempting to address two issues raised by President Makras. With respect to administrative costs, this information was provided in the memo in the packet. Costs had been identified and included in budgets. The second issue related to rate comparisons was included in the report given to the Commission.

President Makras stated that the program was making money from an interest rate perspective but he wanted to be sure that charges did not show up in other areas in the tracking mechanism. The program was tied directly to the A & B bonds of 1997. He wanted to know if the authorization could go beyond A & B.

Mr. Berry stated that it was only related to the A & B bonds. Ultimately the idea was to replace the Commercial Paper with bonds. President Makras asked if the action to date was consistent with A & B bonds and with Proposition H and Mr. Berry answered in the affirmative. President Makras asked the General Manager to let him know at any future time, if there was any deviation.

No action was taken. The item was for discussion only.

10. Discussion and possible action regarding Debt Refundings.

Mr. Berry stated that in February he had written a memorandum regarding refunding opportunities. At present there were no water bonds that staff would propose to refund in terms of savings. The Clean Water Program could do a small refunding that would save approximately $2.2 million over the life of the bonds, which translates to about $150,000 a year. He did not recommend proceeding in this way at the moment.

President Makras wondered why it would not be in the best interest of the Commission not take the $2.2 million savings. He asked whether we could finance the bonds at any time or were we limited?

Mr. Berry responded that the PUC was limited to refundings. Generally it could be done only once. Normally it was tied to when there was the opportunity to get the biggest bang for the buck. 5% was the standard threshold to determine whether refunding made sense but in this case it was a small transaction of the savings of $150,000 a year representing about two-tenths of 1% of the Clean Water debt service and loan payments on an annual basis. The Department would also be paying the underwriters and consultants about $1 million in order to save $2.2 million and be using a lot of staff time. From a cost perspective, we would save only a small amount of money. He stated there would be other opportunities to do refundings and he recommended watching the market for another opportunity.

Vice President Caen asked whether, with the net present value, this was a 30-year bond.

Mr. Berry replied there was about 25 years left on the bonds. Refunding meant not extending the maturity.

Vice President Caen stated that Mr. Berry had mentioned fast approval from the Board and the Mayor and how was that to be done.

Mr. Berry replied that these types of transactions needed to happen quickly and the City did not move fast but he proposed working with the Mayor's Office of Public Finance and the Board to see if a pre-approved range of flexibility could be done so that he could jump into the market relatively quickly. A special Commission meeting might be required for the actual transaction.

President Makras asked the Commission if they agreed with the approach. All said they did and so Mr. Berry was authorized to proceed with processing and bring it back to the Commission at a regular meeting or a special meeting if necessary.

Commissioner Cook asked for examples of risk. Mr. Berry explained various types of bonds and risks and the range of financial options available to the Commission.

No action was taken. The item was for discussion only.

11. Discussion and possible action related to West Portal Surge Shaft repair.

Moved by Commissioner Caen, seconded by Commissioner Normandy to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0065: Ratify the Declaration of Emergency made by the President of the Public Utilities Commission to repair leakage from the West Portal Surge Shaft and authorize expenditure of funds from Cherry Power Tunnel in the amount of $147,000.

12. Discussion and possible action related to improvements at the plaza of Baker Street Facility.

Ms. Kehoe explained that the item was for acceptance of $6,088.33 from the Golden Gate National Parks Association for the removal of two unsafe wooden benches to enhance the access to Crissy Field.

Moved by Commissioner Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0066: Accept the gift of $6,088.33 from Golden Gate National Parks Association for improvements at the Baker Street Dissolved Air Flotation Facility.

LEASES AND PERMITS

14. Discussion and possible action related to a lease with Beronio Lumber.

Moved by Commissioner Cook, seconded by Commissioner Normandy to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0068: Authorize the General Manager of Public Utilities to execute a lease with Beronio Lumber for approximately 4,550 square feet of SFPUC land located along a portion of the sewer box right of way, north of Napoleon east of Jerrold Street in San Francisco for vehicle parking purposes for a period of five years at an annual rental rate of $13,104.

15. Discussion and possible action related to a lease with S. J. Amoroso Properties.

Commissioner Cook questioned the amount of square footage charged. Ms. Lee of the Commercial Land Management Bureau explained that in this lease the adjoining property owner retained crossover and agricultural rights, therefore only a specific amount of area was chargeable – the parking. President Makras stated that Item 14 was in San Francisco and Item 15 was in Palo Alto and it was an issue of fair market value.

Moved by Commissioner Cook, seconded by Commissioner Normandy to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0069: Authorize the General Manager of Public Utilities to execute a lease with S. J. Amoroso Properties for use of approximately 21,344 square feet of SFPUC land, Bay Division Pipeline 3 &4, Parcel 244 located in Palo Alto, Santa Clara County, for parking purposes, for a period of ten years at an annual rental rate of $12,096.

CONSTRUCTION CONTRACTS

Advertise

16. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. WP-15.

    Moved by Commissioner Cook, seconded by Commissioner Normandy to adopt the following resolution; passed (4-0) unanimously.

    Resolution No. 01-0070: Approve plans and specifications; and authorize bid call for Hetch Hetchy Water & Power Contract No. WP-15, Septic Systems Rehabilitation.

Moved by Commissioner Cook, seconded by Commissioner Normandy, to adopt Item Nos. 17, 18, and 19 collectively; passed (4-0) unanimously.

17. Resolution No. 01-0071: Approve plans and specifications; and authorize bid call for WD-2363, Lower Crystal Springs Dam Energy Dissipater.

    President Makras pointed out on Item 17 that engineering estimate showed as $420,000 but the original budget was $3.85 million . Was this a typo? Mr. Hintze said it was not a typo but that after a second look at the problem, Engineering had found a way of fixing it more economically.

18. Resolution No. 01-0072: Approve plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-273, Greenwich Street Sewer Rehabilitation and Replacement.

19. Resolution No. 01-0073: Approve plans and specifications; and authorize bid call for Clean Water Program Contract No. CW-286, 2nd/7th Avenues Sewer Replacement.

Award

20. Discussion and possible action related to Clean Water Program Contract No. CW-285.

    Moved by Commissioner Caen, seconded by Commissioner Normandy to adopt the following resolution; passed (4-0) unanimously.

    Resolution No. 01-0074: Award Clean Water Program Contract No. CW-285, Perry Street Sewer Replacement, in the amount of $324,890 to JMB Construction, Inc.

Close

21. Discussion and possible action related to Clean Water Program Contract No. CW-165.

    Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-165, Clipper/Noe/Kingston/Fair Oaks Streets Sewer Replacement; approve Modification No. 2 decreasing the contract by $21,913; and authorize final payment of $74,613 to D'Arcy & Harty Construction, Inc.

    Item 21 was taken off calendar.

PROFESSIONAL SERVICE CONTRACTS

Advertise

22. Discussion and possible action related to Maintenance Engineering Corrosion Services.

    Moved by Commissioner Cook, seconded by Commissioner Normandy to adopt the following resolution; passed (4-0) unanimously.

    Resolution No. 01-0075: Authorize the Utilities Engineering Bureau to advertise and request for proposals for Agreement No. CS-653 to provide corrosion maintenance services for the Water Supply Division.

23. Discussion and possible action related to Emergency Management Plan Review.

    Staff Recommendation: Authorize the SFPUC Assistant General Manager for Operations to advertise and request for proposals for Agreement No. CS-664 to provide professional services in the review, update, and publication of the SFPUC Emergency Operations Plan.

    Commissioner Normandy thought the amount asked for seemed excessive.

    Mr. Klein explained that the experts need to update the plan and bring the whole of the PUC under one umbrella since it had been written over two years ago. Most was for training and exercises.

President Makras complained about the amount of time to be taken and said it appeared that another layer of bureaucracy was being formed. He felt it was a task not a project.

Mr. Klein explained the reason it was for a year was due to the small unit of staff who would move from division to division for consistency in the Plan.

Public Comments:

Art Jensen, BAWUA spoke on this item.

He stated that BAWUA was currently working with their members to coordinate Emergency Plans. He felt a broader coordination was needed of exercises and drills. He wondered if it was appropriate for BAWUA to work that into the scope for this RFP. Also the item dealt with short-term emergencies but a different set of decisions was required for long-term outages. BAWUA would like to explore decisions that needed to be made for the long term.

Mr. Klein stated that the PUC routinely worked with BAWUA and did not see a difference from the normal practices but he would discuss with Mr. Jensen.

The Commission took no action on this item. The General Manager asked what the Commission would be looking for when the item was brought back.

President Makras stated that price was an issue, also longevity and an understanding of what it was that the Department wanted out of it.

Commissioner Normandy suggested that the BAWUA comments be factored in without extensively changing the scope of the RFP.

Moved by Commissioner Cook, seconded by Commissioner Normandy to continue Item 23 to the call of the Chair; passed (4-0) unanimously.

24. Discussion and possible action related to As-Needed Environmental and Regulatory Services.

President Makras asked how many contractors were to be hired. Mr. Medbery answered that he was looking for five. President Makras stated he supported this as it allowed staff to call on a number of experts on demand.

Moved by Commissioner Normandy, seconded by Commissioner Caen, to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0076: Authorize the Bureau of Environmental Regulation and Management to advertise a Request for Qualifications from environmental consultants to provide as-needed environmental and regulatory services for a period of two years with a total spending authority of $3,000,000.

Amend

25. Discussion and possible action related to the Southeast Water Pollution Control Plant Solids Handling Project.

Vice President Caen asked how much had the EIR process slowed down and why?

Mr. Loiocano answered that the EIR would not be certified until the end of this year.

Mr. Mullane explained that the delay was the performance of the contractor but that leadership changes were underway and things were now moving ahead.

President Makras asked if approval of this item would keep the project on time and on schedule.

Mr. Loiocano stated that he would like to complete the pre-design report in September as opposed to June, however the consultant would not start until September/October. Start of construction was still planned for January 2003 but because of the delay in the EIR, there was a one year three month period for site acquisition which pushed the date back to March 2003.

President Makras said he was wiling to spend additional dollars in order not to delay the project further.

Moved by Commissioner Caen, seconded by Commissioner Normandy to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0077: Authorize the Utilities Engineering Bureau Manager to negotiate and execute an amendment to Agreement No. CS-541, Southeast Water Pollution Control Plant Solids Handling Upgrade Project, with Brown and Caldwell, increasing the contract amount by $125,000 and extending the term by six months to December 31, 2001.

CLOSED SESSION

26. Public comments on matters to be discussed in Closed Session.

    There were none.

27. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Commissioner Normandy, seconded by Commissioner Caen, to assert the attorney-client privilege; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 3:40 P.M. to discuss the following matters:

28. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

    Existing Litigation: California Trout v. CCSF, et.al., State Water Resources Control Board.

    Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, PUC General Manager John P. Mullane, Utilities General Counsel Vicki Clayton, Deputy City Attorney Joshua Milstein, Bureau of Systems and Strategic Planning Manager Michael Carlin, and Commission Secretary Jill Thompson.

    No action was taken.

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A):

    Anticipated Litigation: As Defendant
    Regarding Hetch Hetchy Water and Power Contract Disputes.

    Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, PUC General Manager John P. Mullane, Assistant General Manager for Operations Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill Thompson, Hetch Hetchy Water & Power Acting General Manager Laurie Park, Deputy City Attorney Jonathan Lee, and Deputy City Attorney Don Furman.

    Moved by Commissioner Caen, seconded by Commissioner Normandy to continue Item 29 to March 30, 2001 at 10:00 a.m. in Room 400, City Hall; passed (4-0) unanimously.

30. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Balboa Reservoir
Parties Negotiating:	CCSF – Dowd/Kubick
Under Negotiation:	MOU

Item 30 was continued to the next regular meeting scheduled on April 10, 2001.

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation: Josephine Bellisario, Claim No. 99W0149-1/01-01571.

Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, PUC General Manager John P. Mullane, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill Thompson.

Moved by Commissioner Normandy, seconded by Commissioner Caen to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0078: Recommend a settlement in the claim of Josephine Bellisario, Claim No. 99W0149-1/01-01571.

32. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Makras, Commissioner Caen, Commissioner Normandy, Commissioner Cook, PUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 4:30 P.M.

33. Announcement following Closed Session.

President Makras announced the actions taken during Closed Session.

34. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Normandy, seconded by Commissioner Caen, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 4:34 P.M.

Jill R. Thompson
Secretary

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#2
3/30/01
Continued from
3/27/01

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Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

John P. Mullane, Jr.
General Manager

NOTICE OF CONTINUED MEETING

Notice is hereby given that the Public Utilities Commission continued its meeting of March 27, 2001 to Friday, March 30, 2001 at 10:00 a.m. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place, San Francisco.

The Commission will meet in Closed Session to discuss Item 29 of the Closed Session agenda as described below:

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A): (Furman)

Anticipated Litigation:	As Defendant Regarding Hetch Hetchy Water and Power Contract Disputes.

Jill R. Thompson
Secretary

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES OF CONTINUED MEETING OF MARCH 27, 2001

March 30, 2001
10:00 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

John P. Mullane
GENERAL MANAGER

Jill R. Thompson
SECRETARY

THIS MEETING WAS CONTINUED FROM THE MEETING OF MARCH 27, 2001.

ORDER OF BUSINESS:

1. Call to Order: 10:10 A.M.

2. Roll Call: Present - President Victor G. Makras, Vice President Ann Moller Caen, Commissioner Ashok Bhatt

   Excused - Commissioner E. Dennis Normandy, Commissioner Frank L. Cook

CLOSED SESSION

3. Public comments on matters to be discussed in Closed Session.

   There were none.

4. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

   Moved by Commissioner Makras, seconded by Commissioner Caen, to assert the attorney-client privilege; passed (3-0) unanimously.

The Public Utilities Commission met in Closed Session at 10:12 a.m. to discuss the following matter: (The item corresponds to the March 27, 2001 Agenda.)

29. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A): (Furman)

    Anticipated Litigation: As Defendant
    Regarding Hetch Hetchy Water and Power Contract Disputes.

    Present were President Makras, Vice President Caen, Commissioner Bhatt, PUC General Manager John P. Mullane, Utilities General Counsel Vicki Clayton, Commission Secretary Jill Thompson, Deputy City Attorney Jonathan Lee, Deputy City Attorney Don Furman, and Special Assistant Paula Kehoe.

    Mr. Lee left a 10:22 a.m.

    No action was taken.

Following the Closed Session, the Commission reconvened in open session at 11:20 a.m.

5. Announcement following Closed Session.

   President Makras announced that no action was taken during Closed Session.

6. Motion regarding whether to disclose the discussions during Closed Session.

   Moved by Commissioner Caen, seconded by Commissioner Bhatt, not to disclose the discussions during Closed Session; passed (3-0) unanimously.

Thereupon, the meeting was adjourned: 11:23 A.M.

Jill R. Thompson
Secretary

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

"See Cancelled Notice"

March 30, 2001
10:00 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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- Water Supply & Treatment

Hetch Hetchy Water & Power
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Utilities Engineering Bureau
Water Quality

John P. Mullane, Jr.
GENERAL MANAGER

Jill R. Thompson
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

SPECIAL ORDER OF BUSINESS

4. Discussion and possible action with respect to competitive bids received in response to Hetch Hetchy's Request for Proposals for Long Term Power Purchases. (Park)

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Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

John P. Mullane, Jr.
General Manager

NOTICE OF CANCELLATION

The Special Meeting of the Public Utilities Commission scheduled for Friday, March 30, 2001 has been cancelled.

Jill R. Thompson
Secretary

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

April 4, 2001
1:30 P.M.
City Hall, Room 416
1 Dr. Carlton B. Goodlett Place

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Water Quality

John P. Mullane, Jr.
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Jill R. Thompson
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SPECIAL ORDER OF BUSINESS

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4/4/01 SFPUC Commission Agenda (cancelled)

Location:
http://www.sfwater.org/detail.cfm/MC_ID/5/MSC_ID/19/MTO_ID/8/C_ID/172

NOTICE OF CANCELLATION

The Special Meeting of the Public Utilities Commission scheduled for Wednesday, April 4, 2001 has been cancelled.

Jill R. Thompson

Secretary

To learn more see the following Organizations:
- Commission

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

April 10, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

1st 4/5/01
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Clean Water Program
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GENERAL MANAGER

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Disability Access

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) San Francisco Water Alliance Monthly Report. (Kluesener)

   b) Comments. (Mullane)

8. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

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REGULAR BUSINESS

9. Resolution commending John P. Mullane, General Manager of Public Utilities.

   Staff Recommendation: Adopt a resolution commending John P. Mullane, General Manager of Public Utilities, on the occasion of his retirement.

10. Discussion and possible action related to repairs of San Joaquin Pipeline No. 1. (Quan)

    Staff Recommendation: Ratify the Declaration of Emergency made by the President of the Public Utilities Commission; authorize the transfer of $310,000 from Lower Cherry Aqueduct Rehabilitation Project to San Joaquin Pipeline Repair Project; and request the Mayor and the Board of Supervisors to approve the expenditure of $650,000 to perform exploratory work and repairs.

11. Discussion and possible action related to the Hetch Hetchy Energy Efficiency Work Plan. (Jurosek)

    Staff Recommendation: Adopt the Hetch Hetchy Energy Efficiency Work Plan.

CONSTRUCTION CONTRACTS

Advertise

12. Discussion and possible action related to San Francisco Water Department Contract No. WD-2330. (Quan)

    Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2330, Central Pump Station Upgrades.

13. Discussion and possible action related to San Francisco Water Department Contract No. WD-2332. (Quan)

    Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2332, Sutro Reservoir – New Inlets, Roof Repairs, and Miscellaneous Improvements.

14. Discussion and possible action related to San Francisco Water Department Contract No. WD-2368. (Quan)

Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2368, University Mound Reservoir South Basin Cleaning and Repair.

Award

15. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-885R. (Quan)

Staff Recommendation: Award Hetch Hetchy Water & Power Contract No. HH-885R, O'Shaughnessy Dam Electrical and Mechanical Upgrade, in the amount of $695,000 to Proven Management, Inc.

16. Discussion and possible action related to Clean Water Program Contract No. CW-248. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-248, Clay/Jones Streets Sewer Replacement, in the amount of $374,000, to K. J. Woods Construction, Inc.

Close

17. Discussion and possible action related to Clean Water Program Contract No. CW-196. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-196, Westside Transport Grit Flushing Modifications; approve Contract Modification No. 2 decreasing the contract amount by $651; and authorize final payment of $29,426 to Homer J. Olsen, Inc.

PROFESSIONAL SERVICE CONTRACTS

Amend

18. Discussion and possible action related to an agreement with Hydroconsult Engineers. (Carlin)

    Staff Recommendation: Extend the existing Master Agreement with Hydroconsult Engineers for three months, at no additional cost.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A): (Furman)

    Anticipated Litigation: As Defendant
    Regarding Hetch Hetchy Water and Power Contract Disputes.

22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

    Property: Balboa Reservoir
    Parties Negotiating: CCSF – Dowd/Kubick
    Under Negotiation: MOU

23. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

    Position: General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

24. Announcement following Closed Session.

25. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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HETCH HETCHY
WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

April 10, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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Utilities Engineering Bureau
Water Quality

John P. Mullane
GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:35 P.M.

2. Roll Call: Present - President Victor G. Makras, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

3. Approval of Minutes

   Moved by Commissioner Normandy, seconded by Commissioner Bhatt, to adopt the Minutes of the Regular Meeting of February 13, 2001, and the Minutes of the Special Meeting of February 16, 2001 as amended; passed (5-0) unanimously.

4. Communications

   No action was taken.

5. Old/Ongoing Business by Commissioners

   There was no discussion.

6. Introduction of New Business by Commissioners

   Commissioner Cook thanked SFPUC staff for expressing their sympathies for the passing of his mother.

7. Report of the General Manager

   a) SFWA Monthly Report.

      Mr. John Kluesener of the San Francisco Water Alliance (SFWA), gave a report using overhead slides concerning SFWA activities for the month of March 2001.

      Mr. Kluesener stated that SFWA's primary accomplishment for the past month was looking at various facilities and rating them with respect to reliability and serviceability. They are currently working with staff to put together a story boarding exercise for web page communications. They are continually working on the information systems for program management to bring all information gathered within the PUC into a common database for generating reports.

Regarding MBE/WBE participation, he said they exceeded 40% on the monthly combined MBE/WBE goals. The minority participation is 27%, which was below the targeted 30% goal.

SFWA identified 137 contracts that were eligible for close outs including 30 projects already approved by the Commission for closeout. Eighteen out of 30 projects have been closed.

They also reviewed the $304 million Prop A & B projects and verified whether Prop A projects were related to seismic improvements or Prop B were related to water quality improvements.

They were also working with PUC staff to implement training courses on project management, estimating and project management information systems. They have conducted four classes in project management information system in the month of March. They would conduct cost estimating trainings every other week.

b) Comments by John P. Mullane, Jr.

John P. Mullane, Jr., General Manager of Public Utilities, thanked and acknowledged the support provided by the Commission, managers, and staff to carryout his duties. He also acknowledged his wife, Kathy, daughter Kelly, and son-in-law Scott Cook who were present at the meeting.

8. Public comments on matters not on today's agenda.

There were no public comments.

REGULAR BUSINESS

9. Resolution commending John P. Mullane, General Manager of Public Utilities.

Jill R. Thompson, Commission Secretary, read the resolution. After the resolution was read, President Makras invited comments.

Art Jensen, General Manager of the Bay Area Water Users Association, spoke in appreciation of Mr. Mullane's contributions in his role as PUC General Manager. Members of senior management staff spoke and presented Mr. Mullane with various mementos from their bureaus. Each Commissioner commended Mr. Mullane for being an excellent manager and administrator and expressed good wishes on his retirement.

Moved by Commissioner Makras, seconded by Commissioner Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0079: Adopt a resolution commending John P. Mullane, General Manager of Public Utilities, on his retirement.

10. Discussion and possible action related to repairs of San Joaquin Pipeline No. 1.

Moved by Commissioner Normandy, seconded by Commissioner Cook, to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0080: Ratify the Declaration of Emergency made by the President of the Public Utilities Commission; authorize the transfer of $310,000 from Lower Cherry Aqueduct Rehabilitation Project to San Joaquin Pipeline Repair Project; and request the Mayor and the Board of Supervisors to approve the expenditure of $650,000 to perform exploratory work and repairs.

11. Discussion and possible action related to the Hetch Hetchy Energy Efficiency Work Plan.

Laurie Park, Acting General Manager, Hetch Hetchy Water & Power, stated that the Mayor issued a directive to all City departments to reduce energy consumption by 5% by summer 2001 and 10% by summer 2002. Ms. Park stated that the proposed Work Plan would implement initial actions of each department and establish a baseline of energy use by departments for tracking and reporting progress. For summer 2001, the plan would focus on conversation measures such as reducing the amount of light and turning up and down the thermostat. After Summer 2001, she stated that staff plans to retrofit facilities and work with each department to identify the scope and nature of retrofit, get estimates on funding, and seek sources of grant funding to support the retrofit.

President Makras commented that in the past when water conservation was in effect, there was no incentive for general fund departments to conserve since they do not pay for it. He asked whether the plan incorporated incentives to encourage City departments to conserve energy. Ms. Laurie Park, Acting General Manager for Hetch Hetchy Water & Power, stated that there is no real incentive to conserve. She stated that there are two different rates currently in place; the general fund rate for general fund departments, and the rate for enterprise departments. She said that the general fund departments pay 3.75 cents per kilowatt-hour on their energy consumption, and at that rate, there was no economic incentive to conserve. On the enterprise fund and retail customer level, SFPUC charges the equivalent of PG&E retail rate and existing PUC rate policy. Staff implemented rate changes approved by the California Public Utilities Commission, which implemented 4% surcharge on all energy use.

Ms. Park noted that every department is required to submit a regular reporting schedule to the Mayor to report about their progress.

President Makras inquired whether the cost of power purchase could be passed on to enterprise departments since they are charged the PG&E retail rate. Ms. Park responded that it is a legitimate action but it will necessitate modification of PUC's existing rate policy, which will then require ratification by the Board of Supervisors.

Commissioner Normandy stressed that the SFPUC continue to be identified as the lead agency involved in this measure.

Commissioner Caen commented that Marin County was going to ask their ratepayers to conserve water this year to cut down on energy use. She asked whether SFPUC is going the same direction. Ms. Park responded that it has not been considered.

Moved by Commissioner Cook, seconded by Commissioner Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No.00-0081: Adopt the Hetch Hetchy Energy Efficiency Work Plan.

CONSTRUCTION CONTRACTS

Advertise

Moved by Commissioner Normandy, seconded by Commissioner Caen to adopt Item Nos. 12, 13, and 14 collectively; passed (5-0) unanimously.

12. Resolution No. 01-0082: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2330, Central Pump Station Upgrades.

13. Resolution No. 01-0083: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2332, Sutro Reservoir – New Inlets, Roof Repairs, and Miscellaneous Improvements.

14. Resolution No. 01-0084: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2368, University Mound Reservoir South Basin Cleaning and Repair.

Award

15. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-885R.

    Michael Quan, Utilities Engineering Bureau Manager, spoke to the item.

    President Makras inquired why the work was put out for bid when this work could be done in-house and in reading the scope of work, it seemed a lot of money for some ongoing adjustments or maintenance. Mr. Quan responded that the work was too large for City staff. In addition, operating departments were precluded to do work in excess of $100,000 hence any job more than $100,000 requires competitive bidding. He noted that contracts could not be broken up to meet the threshold of $100,000.

    President Makras suggested that staff explore the possibility of doing jobs of this nature (maintenance) in house. Commissioner Cook suggested future projects that qualify as an in-house project should be brought to the Commission as such rather than be put out for bid. Ms. Park pointed out that Hetch Hetchy was criticized as being too aggressive by doing a lot of work in house. A directive was recently issued to staff to be sure that they go out for competitive bid. She said doing work internally is consistent with the department's need to have flexibility. Ms. Park stated that she would provide a report explaining the reason for their recommendation to bid the project.

    Moved by Commissioner Normandy, seconded by Commissioner Caen to adopt the following resolution; passed (4-1). Commissioner Bhatt voted no.

    Resolution No. 01-0085: Award Hetch Hetchy Water & Power Contract No. HH-885R, O'Shaughnessy Dam Electrical and Mechanical Upgrade, in the amount of $695,000 to Proven Management, Inc.

16. Discussion and possible action related to Clean Water Program Contract No. CW-248.

    Moved by Commissioner Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 01-0086: Award Clean Water Program Contract No. CW-248, Clay/Jones Streets Sewer Replacement, in the amount of $374,000, to K. J. Woods Construction, Inc.

Close

17. Discussion and possible action related to Clean Water Program Contract No. CW-196.

    Moved by Commissioner Cook, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 01-0087: Accept work performed for Clean Water Program Contract No. CW-196, Westside Transport Grit Flushing Modifications; approve Contract Modification No. 2 decreasing the contract amount by $651; and authorize final payment of $29,426 to Homer J. Olsen, Inc.

PROFESSIONAL SERVICE CONTRACTS

Amend

18. Discussion and possible action related to an agreement with Hydroconsult Engineers.

    Moved by Commissioner Caen, seconded by Commissioner Normandy to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 01-0088: Extend the existing Master Agreement with Hydroconsult Engineers for three months, at no additional cost.

ANNOUNCEMENT

President Makras announced that effective Friday afternoon, April 13, 2001, Lawrence T. Klein, would be serving as Acting General Manager until the Commission appointed a new General Manager.

CLOSED SESSION

19. Public comments on matters to be discussed in Closed Session.

    There were none.

20. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Commissioner Normandy, seconded by Commissioner Cook, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission went into Closed Session at 2:40 P.M. to discuss the following matters:

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A):

Anticipated Litigation:	As Defendant Regarding Hetch Hetchy Water and Power Contract Disputes.

    Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill Thompson.

    No action was taken.

22. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Balboa Reservoir
Parties Negotiating:	CCSF – Dowd/Kubick
Under Negotiation:	MOU

    Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson, Bureau of Commercial Land Management Manager Gary Dowd, UEB Project Manager Karen Kubick.

23. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

    Position: General Manager, Public Utilities

    Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 3:20 P.M.

24. Announcement following Closed Session.

    President Makras announced the actions taken during Closed Session.

25. Motion regarding whether to disclose the discussions during Closed Session.

    Moved by Commissioner Normandy, seconded by Commissioner Cook, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 3:23 P.M.

Jill R. Thompson
Secretary

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

SPECIAL MEETING

April 13, 2001
10:00 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

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SPECIAL ORDER OF BUSINESS

4. Discussion and possible action with respect to competitive proposals received from members of the Western System Power Pool in response to Hetch Hetchy's Request for Proposals for Long Term Power Purchases. (Park)

ADJOURNMENT

32
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3/01
3

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

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MINUTES

April 13, 2001
10:00 A.M.
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1 Dr. Carlton B. Goodlett Place

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John P. Mullane
GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 10:30 A.M.

2. Roll Call: Present - President Victor G. Makras, Commissioner E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

   Excused - Vice President Ann Moller Caen

3. Public Comments on matters not on today's agenda.

   There was none.

SPECIAL ORDER OF BUSINESS

4. Discussion and possible action with respect to competitive proposals received from members of the Western System Power Pool in response to Hetch Hetchy's Request for Proposals for Long Term Power Purchases.

   Laurie Park, Acting General Manager for Hetch Hetchy Water & Power, gave a slide presentation, showing the analysis performed in the assessment of the California Power Market and what had led to the conclusions.

   Ms. Park explained that due to the volatility of the power market and the price that had to be paid for power, Hetch Hetchy had already asked for a supplemental from the Board for extra funding this year and she was looking at ways to avoid this in the future. In the past Hetchy had transferred considerable revenues to the General Fund through the sale of power. This was not happening now and it certainly did not appear that it would happen in the future. In addition, Hetchy must pay its operating expenses and have enough for capital improvements.

   Three cases were being looked at for the purchase of power
   - Purchasing all requirements from the short-term market
   - Entering into a purchase for a three year term
   - Entering into a purchase for a five year term

   Currently Hetchy was working with Calpine and Mirant. She thought the Calpine proposal was more attractive economically. The experts from the State were of the opinion that prices would only increase and get worse through the summer. There was no guarantee that any power bought currently for the future would have a price better or worse than what the market would expect. Best guesses would have to be made based on Hetchy staff's experience and judgment to assess where in the range of possible outcomes it would fall. A decision must

be made at this meeting to lock in the power or it will be given up to others. The recommendation was to purchase 50 megawatts round the clock from Calpine. The price quoted was $115 for July 1 through December 31, 2001 on a unit contingent basis and from January 1, 2002 for four and a half years $83.75. The proposal yielded an average price of $86.875 per megawatt hour (MWhr). Ms. Park said she also had thought of offering to prepurchase the entire contract at a discount. Ms. Park stressed that although the PUC would get a break at the beginning of the contract, in future years at the ending part of the contract the Department would pay more than the present market expects the future to be.

Ms. Park then went through a series of questions and answers she had prepared at the request of President Makras regarding the purchase of long-term wholesale power.

President Makras stated that the Commission had gone to the Board of Supervisors to get approval to authorize contracts for a period of 5 years. The Commission and the Board realized that with deregulation it was a brand new world and that this type of tool was necessary for prudent management.

President Makras stated that it was not just the PUC's budget but that the City's budget would be impacted as well and so earlier in the week there had been a meeting with the City Attorney (Vicki Clayton, Donn Furman, Rob Maerz and Theresa Mueller), Ed Harrington, the Controller, Matt Hymel, Deputy Controller, Larry Klein and Laurie Park from the SFPUC and himself. He had specifically asked whether anyone felt that the PUC should not go ahead and everyone thought it was a good idea to so do.

Commissioner Frank Cook stated given the thorough review by all of the foregoing individuals it appeared that this was a necessary step.

Commissioner Normandy wondered if the PUC was going to have to purchase another 55,000 MWhrs, the PUC should be considering purchasing the maximum power available.

Ms. Park stated this was a risk and if SFPUC bought more power than necessary it may have to be disposed of at less then market price. She did feel, however, that this would be unlikely. If there was the possibility of a drought, then it would be advisable to buy more power, with wet weather, less. She had tried to pick something in the middle.

Commissioner Normandy stated that, given the information, the most prudent would be something between 50 megawatts and 60 megawatts. However, he was very concerned that the US Corps of Engineers map showed the region to be in a drought. Droughts came not in isolated one-year periods but usually lasted considerably longer. Commissioner Normandy felt that given this information, perhaps the Department should go for more rather than less.

President Makras asked what number was the surest number. Was it 50 megawatts or 60 megawatts?

Ms. Park replied there was no such undisputed number. Numbers had been routinely considered anywhere between 25 to 75 megawatts. 50 megawatts was optimal.

Commissioner Normandy was concerned about the quantity of power available for purchase thereby restricting options for the future. He felt that the Commission should make a quick decision and should purchase as much power as was comfortable.

Ms. Park stated that the staff looked at that and considered buying more than was needed and perhaps brokering it but the issue of risk was too great.

Commissioner Bhatt felt it appropriate to take action with Calpine.

Commissioner Cook asked if there was any room for negotiating additional power on an as needed basis. Ms. Park replied that was not possible, it was not how the industry worked. Staff could look at a totally separate deal other than Calpine. Other marketers have offered power for the third and fourth quarters of the year but the price was exorbitant.

Commissioner Normandy commended Ms. Park on an excellent presentation which was clear, concise, and understandable to the layperson. He felt that the SFPUC did not have viable financial options other than to go ahead as presented.

Bill Berry, Assistant General Manager for Finance and Administration, agreed with Commissioner Normandy's statement in terms of time. He stated that in a perfect world there would be an opportunity to set up a Letter of Credit or a Commercial Paper Program and, in his view, that would be a better way to go from a financial standpoint. However, this would mean time and expense. The appropriation issue, which prevented the Department from doing something today, to lock in a transaction for next year, was an area where additional flexibility was needed. A line of credit might be advisable so that when a transaction needed to be locked in, the staff, with the Commission's approval, could move more speedily than in the past.

President Makras indicated that all Commissioners were in support. He asked if various people would confirm his understanding of the meeting which had taken place earlier in the week, so that everyone was on board.

Matthew Hymel, Controller's Office, agreed with the statement. He wished to state to Commissioner Normandy that the notion of going higher for a one time

event did not make sense over a five year term; better to fill in with short term power. Ultimately the purchase of power is a combination of long term, short term and spot market. He was very comfortable with 25 but 50 was an operational decision. It was a more stable purchase of the power budget. It helped balance next year's budget.

Larry Klein, Assistant General Manager for Operations, stated he wished to endorse much of what Mr. Berry had said as the debate within the Department had yielded good new ideas and there was a need to build other tools into the system.

Vicki Clayton, Utilities General Counsel, stated that the decision was, of course, a policy decision for the Commission. However, the City Attorney's office had been authorized to make every effort to assist the Commission in entering into whatever agreement it wished to make.

President Makras asked for a five-minute recess for staff to discuss whether the recommendation should be 25 megawatts or 50 megawatts, or possibly 60 megawatts.

The meeting recessed at 11:32 a.m.

The meeting reconvened at 11:40a.m.

President Makras asked staff for the recommended number.

Larry Klein stated that staff was in agreement of 50 megawatts purchase.

Commissioner Normandy moved the item at 50 megawatts. Commissioner Cook seconded.

President Makras stated he wished to comment that he would like the Mover and Seconder to include in the motion that the Commission is asking staff and the City Attorney's office to make the contract work by close of business, April 13, 2001. Staff and the City Attorney's were to contact the President of the Commission that this had so happened.

Commissioner Normandy agreed to include this in his motion and Commissioner Cook agreed as seconder.

President Makras stated it was necessary to minimize if not eliminate risk to the General Fund. This was a deregulated market and business needed to be done differently to manage in this new environment. The fixed contracts the Department was currently honoring was painful and the PUC must run the operation in a safe way, protect a sound form of management and must balance the water operation. The PUC needed to explore how to run the operation in a

deregulated market and this was one way to do it. Power needed to be generated maximizing revenue from the PUC's unique operation and be at the cutting edge. The agency needed to move on from contracts that were signed and cannot be honored due to deregulation. He urged the Commission to think hard as to how to step over the line to deal with the new rules. He would be exploring this and asking staff to do so.

John Mullane, General Manager of Public Utilities, stated he had nothing to add.

Moved by Commissioner Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0089: Authorize the General Manager of Public Utilities to execute an agreement with Calpine committing a purchase of 50 megawatts per hour, 24 hours per day, for a five-year period commencing July 1, 2001 at prices not to exceed the amounts cited above; and authorize the General Manager to work with Calpine and the City's Controller to pre-purchase the full contract amount of power with tax-exempt debt if the total cost of the contract can be reduced.

Thereupon, the meeting was adjourned: 11:43 A.M.

Jill R. Thompson
Secretary

City and County of San Francisco
Public Utilities Commission
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San Francisco, CA 94103

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4/01

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

4/1/01

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

April 24, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

Victor G. Makras, President
Ann Moller Caen, Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Lawrence T. Klein
ACTING GENERAL MANAGER

Jill R. Thompson
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a) Introduction of Capital Improvement Plan, Long Range Financial Plan, and Long Term Strategic Plan. (Berry)

   b) Sewer System Concerns. (Keaney)

   c) Program Management Assessment. (Kluesener)

   d) Energy Grants and Subsidies. (Park)

8. Bay Area Water Users Association General Manager's Report

   a) Milestones Update. (Jensen)

9. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

10. Public Hearing – To consider a revised Schedule of Rates to be charged for retail water service in San Francisco and suburban areas. (Laws)

    Staff Recommendation: Adopt an 8.65% increase in rates to be charged for retail water service in San Francisco and suburban areas which shall be uniform to the nearest ten cents on service charges and to the nearest cent on water rates for all water delivered within the City and County of San Francisco and all water delivered to suburban non-resale customers, to be effective with meter readings made on or after July 1, 2001.

11. Public Hearing – To consider a revised Schedule of Rates to be charged for water service to suburban resale customers. (Laws)

    Staff Recommendation: Adopt a 2.8% increase in rates for suburban resale water service which shall be uniform to the nearest ten cents on service charges and to the nearest cent on water rates for all water delivered to suburban resale customers to be effective with meter readings on or after July 1, 2001.

12. Public Hearing – To consider a revised Schedule of Charges to be charged for sewer service in San Francisco and adjacent areas. (Laws)

    Staff Recommendation: Retain the current Schedule of Charges for sewer service in San Francisco and adjacent areas based on the determination that projected revenues under existing charges will be sufficient to meet projected operating requirements for the fiscal year beginning July 1, 2001.

13. Discussion and possible action concerning fees to be charged for certain uses of watershed lands, pipeline rights of way, and other real properties. (Laws)

Staff Recommendation: Approve the recommended charges for certain uses of watershed lands, rights-of-way and other real properties under the jurisdiction of the San Francisco Public Utilities Commission; and authorize the General Manager of Public Utilities to waive the required fee for bonafide non-profit organization when the use being requested is consistent with the policy direction of this Commission to be effective immediately upon Commission's approval.

14. Discussion and possible action concerning fees to be charged for certain uses of lodging facilities. (Laws)

Staff Recommendation: Approve the recommended fees for non-official uses of certain lodging facilities under the jurisdiction of the San Francisco Public Utilities Commission to be effective on and after July 1, 2001.

15. Discussion and possible action concerning transfer of funds within the Water Supply & Treatment Division. (Davis)

Staff Recommendation: Authorize the General Manager of Public Utilities to request the Controller to transfer $647,000 from the Water Supply & Treatment Division's budget for Administrative Services to the Division's budgets for sludge removal and water treatment chemicals.

16. Discussion and possible action concerning transfer of consumer's credit balances on closed accounts to unappropriated surplus funds. (Vizcarra)

Staff Recommendation: Approve the transfer of $25,577.52 from unclaimed consumer's closed accounts credit balances to the Unappropriated Surplus of the Water Enterprise for water charge portion, Clean Water Program for sewer service charge portion, and the General Fund for Utility tax portion.

LEASES AND PERMITS

17. Discussion and possible action concerning a revocable permit with the County of Alameda. (Dowd)

    Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Revocable Permit with the County of Alameda for use of San Francisco Public Utilities Commission land located on a portion of Parcel 65 of Alameda County Lands in Sunol, California.

18. Discussion and possible action concerning a revocable permit with the Santa Clara Valley Transportation Authority. (Dowd)

    Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Revocable Permit with the Santa Clara Valley Transportation Authority for use of SFPUC property located on a portion of Parcel 119, Bay Division Pipeline No. 3 in Milpitas, Santa Clara County, for a period of 20 months, for access to their construction site and construction purposes in conjunction with the I-880/237 highway widening project.

CONSTRUCTION CONTRACTS

Advertise

19. Discussion and possible action related to San Francisco Water Department Contract No. WD-2239. (Quan)

    Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2239, Seismic Upgrade for Bay Division Pipelines 1 & 2 at Hayward Fault Crossing – Phase A.

Award

20. Discussion and possible action related to San Francisco Water Department Contract No. WD-2302. (Quan)

    Staff Recommendation: Award San Francisco Water Department Contract No. WD-2302, 8-Inch Ductile Iron Main Installation in Francisco Street between Columbus Avenue and Stockton Street; in Chestnut Street between Montgomery Street and Sansome Street; in Lombard Street between Powell Street and Stockton Street, in the amount of $688,460 to J. Flores Construction.

21. Discussion and possible action related to Clean Water Program Contract No. CW-239. (Quan)

    Staff Recommendation: Award Clean Water Program Contract No. CW-239, Ashbury Street/Geary Boulevard/Masonic Avenue/Paul Avenue Sewer Replacement, in the amount of $449,591 to Shaw Pipeline Inc.

Close

22. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-886. (Quan)

    Staff Recommendation: Accept work performed for Hetch Hetchy Water & Power Contract No. HH-886, Lining Moccasin Grizzly Creek; approve final modification decreasing the contract by $12,144.40; for a final contract amount of $876,930.60; and authorize final payment of $8,644.20 to Proven Management, Inc.

23. Discussion and possible action related to Clean Water Program Contract No. CW-211. (Quan)

    Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-211, 4th Avenue/10th Avenue/Anza Street/Cabrillo Street Sewer Replacement; approve final contract modification increasing the contract by $123,767 and extending the time by one calendar day; and authorize final payment of $328,327 to K. J. Woods Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

24. Discussion and possible action related to the Solids Handling Upgrade Project. (Quan)

Staff Recommendation: Authorize the Utilities Engineering Bureau to advertise and request proposals for Agreement No. CS-662, Southeast Water Pollution Control Plant Solids Handling Upgrade Project-Final Design.

Award

25. Discussion and possible action related to the Small Business Technical Assistance Program. (Medbery)

Staff Recommendation: Award Agreement No. CS-654, Small Business Technical Assistance Program, to Tetra Tech EM, Inc. for an amount not to exceed $75,000 for a term of one year with the option to renew for an additional year upon approval by the Commission.

Amend

26. Discussion and possible action related to the professional consulting services contract with The Planning Collaborative. (Dowd)

Staff Recommendation: Authorize the General Manager of the Public Utilities Commission to execute a twelfth amendment to the professional consulting services contract with The Planning Collaborative for services provided in connection with Bernal property landholdings in the City of Pleasanton extending the term of the contract to March 31, 2001 at no additional cost.

27. Discussion and possible action related to the professional consulting services contract in connection with the Solids Handling Facility Project. (Carlin)

Staff Recommendation: Authorize the Manager of the Planning Bureau to execute Amendment No. 1 to Agreement No. CS-539, Environmental Evaluation Documentation, with the joint venture of EA Engineering, Science and Technology/Balloffet and Associates/The Ellington Group, to complete the required environmental evaluation for the Southeast Water Pollution Control Plant Solids Handling Facility Project, extending the contract term by 11 months to December 31, 2001.

28. Discussion and possible action related to the professional consulting services contract in connection with the Alameda Creek Fisheries Enhancement Project. (Carlin)

Staff Recommendation: Authorize the Manager of the Planning Bureau to execute Amendment No. 1 to Agreement No. CS-540, Environmental Evaluation Documentation, with the joint venture of EA Engineering, Science and Technology/Balloffet and Associates/The Ellington Group, to complete the required environmental evaluation for the Alameda Creek Fisheries Enhancement Project, extending the contract term by 11 months to December 31, 2001.

CLOSED SESSION

29. Public comments on matters to be discussed in Closed Session.

30. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A): (Furman)

Anticipated Litigation: As Defendant
Regarding Hetch Hetchy Water and Power Contract Disputes.

32. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein/Dowd/Davis)

Property:	9 acres at the end of Sneath Lane in the northern part of the Peninsula Watershed
Parties Negotiating:	City of Pacifica and Pacifica Land Trust CCSF - Milstein/Dowd/Davis
Under Negotiation:	Terms of sale.

33. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position:	General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

34. Announcement following Closed Session.

35. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

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1/24/01

SFPUC
WATER
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WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

REGULAR MEETING

April 24, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

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Victor G. Makras, President
Ann Moller Caen, Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
- City Distribution Division
- Water Supply & Treatment

Hetch Hetchy Water & Power
Clean Water Program
- Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Lawrence T. Klein
ACTING GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order 1:36 P.M.

2. Roll Call Present – President Victor G. Makras, Vice President Ann Moller Caen, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

   Commissioner E. Dennis Normandy arrived at 1:38 P.M.

3. Approval of Minutes

   There were none submitted.

4. Communications

   No action taken.

5. Old/Ongoing Business by Commissioners

   President Makras requested an update on the Calpine contract approved at a special meeting of the Commission on April 13, 2001. Mr. Lawrence T. Klein, Acting General Manager, responded that an agreement had been reached with Calpine on the financial terms and agreement in concept on some of the legal terms but still need to resolve how to incorporate City standard provisions in the contract and assure Calpine that we will not back out of the contract on an arbitrary basis. In response to President Makras' question regarding the timeframe, Mr. Klein responded that staff planned to meet with the City Attorney, Calpine and various interest groups within a couple of days to resolve the remaining issues. President Makras gave the following directions from the Commission: If possible, try to conclude negotiations by week's end and if we do not have an approved contract per the Commission's instructions from the special meeting, then at a minimum provide the President and Vice President with the contract as negotiated so far and black line it so that the impasses and the position from each party of the impasse can be defined. The Commission would then know by Friday if there were a deal or if not could interject thoughts on concluding the negotiations. Mr. Klein responded that the directions are clear and achievable.

6. Introduction of New Business by Commissioners

   Commissioner Bhatt noted a letter from Utility Cost Management LLC concerning the manner in which the City's residential hotels are billed for sewer service charges. President Makras stated that this issue would be discussed with Item 10.

Commissioner Normandy requested the General Manager be directed to stop the weekly power reports when the Calpine contract is completed. He also requested a presentation on the Communication Action Plan at the next regular meeting.

President Makras congratulated Mr. Klein on his appointment to the California Seismic Safety Commission.

7. Report of the General Manager

a. Introduction of Capital Improvement Plan, Long Range Financial Plan, and Long Term Strategic Plan.

William T. Berry, Assistant General Manager, Finance and Administration, gave an introduction and overview of the proposed Capital Improvement Plan (CIP), Long Range Financial Plan (LRFP) and Long Term Strategic Plan (LTSP). He stated that the presentation will discuss the review process and schedule to this point; provide an overview of the proposed plans including current financial factors and each of the plans in seriatim; question and answer and discuss next steps. He stated that the utilities managed by the SFPUC are in a state of deterioration and disrepair as noted over several years. The Bay Area's quality of life and economic vitality is closely linked to the provision of a high quality water supply and dependable sewer services as well. SFPUC enterprises face serious financial challenges from the rate freeze, reduced credit ratings and eroding financial strength. The proposed plans prepared by staff are for consideration by the Commission and stakeholders. The plans are intended to provide a common starting point and not intended to be final. He stated that the system must be rebuilt and the cost is affordable. He stated that the total CIP would be $4.4 billion and the other projects totaling $1 billion would require separate financing. Staff is proposing that the Commission adopt a long-term strategic plan, ten-year CIP and financing plan and establish timing and sizing of water and sewer bond measures. He noted that special meetings have been scheduled for Tuesday, May 1, 2001 at 9 a.m. for staff briefing on the plans and Tuesday, May 8, 2001 for a presentation and review. He stated that the CIP includes a proposed schedule for issuing Water Enterprise bonds of $140 million in July 2001 and $164 million 12 to 18 months later for a total of $304 million which would complete the issuance of the bonds authorized by the voters in 1997. An 18% rate increase is recommended to pay the City portion of debt service. A comparison of monthly water and sewer bills with other water departments in the state was shown.

President Makras noted the absence of representatives from the Public Utilities Infrastructure Task Force and asked Mr. Berry to share his observations of the dialogue with the Task Force regarding the plans staff have submitted. Mr. Berry stated that Mr. Bodisco had sent a letter to the Commission stating he would be unable to attend today's meeting and in that

letter provided the Task Force's viewpoint on the CIP. Mr. Berry stated that he has participated in all the meetings, made presentations and responded to issues that were discussed but it is very clear that the majority of the members of the Task Force look at the SFPUC with distrust and it has been difficult to get them to provide detailed input or suggest changes. He stated that the Task Force passed a resolution urging the Commission not to approve anything going to the ballot for bonds until the Long Term Strategic Plan and engineering cost estimates are approved.

President Makras directed the Acting General Manager to send a letter to the Public Utilities Infrastructure Task Force requesting a copy of the minutes of their March 30, 2001 meeting and discussion that took place to support the motion regarding the CIP. He also wanted to know who voted for the motion and wanted the written response within 72 hours of receipt of our communication. Commissioner Normandy stated that in order to more fully understand and start a meaningful dialogue with the Task Force he suggested that another letter be sent to the Task Force requesting their mission statement, true mandate, how they are fulfilling that mandate in the inter-action with this Commission and staff and since this Commission is forbidden to delve into personnel matters under the City Charter, if there are any such restrictions put upon the Task Force. Commissioner Caen requested that in addition to the letters that staff express to the Task Force the ideas voiced today and this Commission's desire to work together.

Commissioner Normandy expressed concern regarding the degree and weight to be given to input received from the various stakeholders and special interest groups on the CIP. He requested that staff provide input from stakeholders in synopsis form along with sufficient background information on each group providing the input.

President Makras requested staff provide a water bill showing the combined water and sewer rates.

Mr. Klein stated that May 15, 2001 has also been reserved for a special meeting on the long-range plans.

b. Sewer System Concerns.

Mr. Klein requested continuance of Item 7b to the next regular meeting on May 8, 2001.

c. Program Management Assessment.

John Kluesener, Project Manager, San Francisco Water Alliance made a presentation outlining several recommendations to improve the SFPUC's overall method of delivery of proposed CIP. He stated that his presentation

would focus on four areas: Project Planning, Project Controls, Program Management and CIP 2000 Organization. In the presentation he discussed the need for leadership assignments consisting of a CIP Program Manager, Project Controls Manager, Alternatives Analysis and Project Planning Manager. To support the positions the SFWA recommended that roles and responsibilities be defined for each of the positions and that appropriate procedures be prepared. He also discussed the importance of conducting critical reviews, projects having a well-defined scope, clarifying funding and budgeting terminology, and communication between staff and the Commission. He stated that the real objective of the program is for the Program Management Consultant to provide SFPUC staff with the capabilities, program management tools and processes needed to deliver the program and then move on. He stated that implementation of the proposed recommendations would help accelerate the process.

Mr. Klein stated that staff had met and reviewed the San Francisco Water Alliance presentation and is supportive of the recommendations presented today. President Makras stated that he supported the recommendations and directed the Acting General Manager to submit an implementation plan to the Commission within 30 days. Commissioners Caen, Normandy, Cook and Bhatt concurred with President Makras and gave general consent to proceed with implementation of the recommendations.

d. Energy Grants and Subsidies.

Laurie Park, Acting General Manager, Hetch Hetchy Water and Power, advised that the Commission on the Environment had approved Hetch Hetchy's application for grant funds for the Alternative Community Energy project that would provide job training for the Bayview District residents in energy efficiency and renewable energy (especially photovoltaic) installations. The award is not yet official because the Board of Supervisors Finance Committee must approve the recommended award. In addition, the award was reduced from Hetch Hetchy's requested $2.2 million to $1.5 million, so the work scope will have to be reduced.

Ms. Park also advised that lots of grants and subsidies had become available as a result of new State legislation passed to help alleviate the California power crisis, and staff would not have time to seek permission before applying for these funds which are being made available on a first come, first served basis. Ms. Park also stated that in order to maximize City access to these kinds of special programs, Hetch Hetchy needed relief from standard City procurement and other processes and believed that the City needs to declare the California power crisis as an "emergency" until further notice.

At 3:33 p.m. the meeting was recessed. At 3:45 p.m. the meeting reconvened.

8. Bay Area Water Users Association General Manager's Report

   a) Milestones Update.

      Arthur Jensen, General Manager, Bay Area Water Users Association, gave a report concerning the status of major SFPUC milestones in the areas of water supply and reliability, water quality and the Capital Improvement Program. He stated that what is needed now is to complete the strategic plan, complete the updating of the capital improvement program, complete a financial plan for funding necessary improvements beyond the use of existing funds and for the Commission to formally adopt the plans as policy guidance.

9. Public Comments

   Larry Merritt stated that he had been unfairly terminated from his position with the Bureau of Water Pollution Control and requested the Commission's help in resolving the matter. President Makras stated that personnel issues are not under the jurisdiction of the Commission and suggested that Mr. Merritt contact the Acting General Manager to arrange a meeting with the Bureau of Personnel and Training to explore his options.

REGULAR BUSINESS

10. Public Hearing – To consider a revised Schedule of Rates to be charged for retail water service in San Francisco and suburban areas.

11. Public Hearing – To consider a revised Schedule of Rates to be charged for water service to suburban resale customers.

12. Public Hearing – To consider a revised Schedule of Charges to be charged for sewer service in San Francisco and adjacent areas.

    President Makras recommended that Items 10, 11 and 12 be continued to the next regular meeting on May 8, 2001 and requested that staff prepare an analysis on the economic effects to the rates if the Commission implemented the changes mentioned in the letter from Utility Cost Management LLC and incorporate the analysis in staff's presentation at the next meeting. Commissioner Cook stated that how hotels and residences are rated come from an Ordinance rather than through the Commission. It has to be changed through some other process. Vicki Clayton, Utilities General Counsel, responded that the definitions are within the Board of Supervisors jurisdiction but this Commission could submit a recommendation to the Board at this stage of the process or at the Board level. Commissioner Bhatt stated that this issue is for the low-income people to have affordable housing in San Francisco. Mr. Klein stated that the postponement would give staff time to research the regulatory process.

Public Comment

Scott Predmore stated that his company works with several private and non-profit residential hotels and consider this a simple issue of fairness. He stated that in 1977 there was a lifeline rate issue. What the lifeline rate is in terms of sewer charges is a subsidized lower rate to provide basic sewer service at below cost to the poor, elderly and disabled of which many live in residential hotels.

Moved by President Makras, seconded by Commissioner Normandy to continue Items 10, 11 and 12 to the next regular meeting on May 8, 2001; passed (5-0) unanimously.

13. Discussion and possible action concerning fees to be charged for certain uses of watershed lands, pipeline rights of way, and other real properties.

Moved by Commissioner Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0090: Approve the recommended charges for certain uses of watershed lands, rights-of-way and other real properties under the jurisdiction of the San Francisco Public Utilities Commission; and authorize the General Manager of Public Utilities to waive the required fee for bonafide non-profit organization when the use being requested is consistent with the policy direction of this Commission to be effective immediately upon Commission's approval.

14. Discussion and possible action concerning fees to be charged for certain uses of lodging facilities.

Moved by Commissioner Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0091: Approve the recommended fees for non-official uses of certain lodging facilities under the jurisdiction of the San Francisco Public Utilities Commission to be effective on and after July 1, 2001.

15. Discussion and possible action concerning transfer of funds within the Water Supply & Treatment Division.

Moved by Commissioner Cook, seconded by Commissioner Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0092: Authorize the General Manager of Public Utilities to request the Controller to transfer $647,000 from the Water Supply & Treatment Division's budget for Administrative Services to the Division's budgets for sludge removal and water treatment chemicals.

16. Discussion and possible action concerning transfer of consumer's credit balances on closed accounts to unappropriated surplus funds.

Moved by Commissioner Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0093: Approve the transfer of $25,577.52 from unclaimed consumer's closed accounts credit balances to the Unappropriated Surplus of the Water Enterprise for water charge portion, Clean Water Program for sewer service charge portion, and the General Fund for Utility tax portion.

LEASES AND PERMITS

17. Discussion and possible action concerning a revocable permit with the County of Alameda.

Moved by Commissioner Caen, seconded by Commissioner Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0094: Authorize the General Manager of Public Utilities to execute a Revocable Permit with the County of Alameda for use of San Francisco Public Utilities Commission land located on a portion of Parcel 65 of Alameda County Lands in Sunol, California.

18. Discussion and possible action concerning a revocable permit with the Santa Clara Valley Transportation Authority.

Moved by Commissioner Bhatt, seconded by Commissioner Cook to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0095: Authorize the General Manager of Public Utilities to execute a Revocable Permit with the Santa Clara Valley Transportation Authority for use of SFPUC property located on a portion of Parcel 119, Bay Division Pipeline No. 3 in Milpitas, Santa Clara County, for a period of 20 months, for access to their construction site and construction purposes in conjunction with the I-880/237 highway widening project.

CONSTRUCTION CONTRACTS

Advertise

19. Discussion and possible action related to San Francisco Water Department Contract No. WD-2239.

Moved by Commissioner Cook, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0096: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for San Francisco Water Department Contract No. WD-2239, Seismic Upgrade for Bay Division Pipelines 1 & 2 at Hayward Fault Crossing – Phase A.

Award

20. Discussion and possible action related to San Francisco Water Department Contract No. WD-2302.

Moved by Commissioner Normandy, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0097: Award San Francisco Water Department Contract No. WD-2302, 8-Inch Ductile Iron Main Installation in Francisco Street between Columbus Avenue and Stockton Street; in Chestnut Street between Montgomery Street and Sansome Street; in Lombard Street between Powell Street and Stockton Street, in the amount of $688,460 to J. Flores Construction.

21. Discussion and possible action related to Clean Water Program Contract No. CW-239.

Moved by Commissioner Normandy, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0098: Award Clean Water Program Contract No. CW-239, Ashbury Street/Geary Boulevard/Masonic Avenue/Paul Avenue Sewer Replacement, in the amount of $449,591 to Shaw Pipeline Inc.

Close

22. Discussion and possible action related to Hetch Hetchy Water & Power Contract No. HH-886.

Moved by Commissioner Cook, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0099: Accept work performed for Hetch Hetchy Water & Power Contract No. HH-886, Lining Moccasin Grizzly Creek; approve final modification decreasing the contract by $12,144.40; for a final contract amount of $876,930.60; and authorize final payment of $8,644.20 to Proven Management, Inc.

23. Discussion and possible action related to Clean Water Program Contract No. CW-211.

Moved by Commissioner Cook, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0100: Accept work performed for Clean Water Program Contract No. CW-211, 4th Avenue/10th Avenue/Anza Street/Cabrillo Street Sewer Replacement; approve final contract modification increasing the contract by $123,767 and extending the time by one calendar day; and authorize final payment of $328,327 to K. J. Woods Construction, Inc.

PROFESSIONAL SERVICE CONTRACTS

Advertise

24. Discussion and possible action related to the Solids Handling Upgrade Project.

Moved by Commissioner Caen, seconded by Commissioner Normandy to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0101: Authorize the Utilities Engineering Bureau to advertise and request proposals for Agreement No. CS-662, Southeast Water Pollution Control Plant Solids Handling Upgrade Project-Final Design.

Award

25. Discussion and possible action related to the Small Business Technical Assistance Program.

Moved by Commissioner Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0102: Award Agreement No. CS-654, Small Business Technical Assistance Program, to Tetra Tech EM, Inc. for an amount not to exceed $75,000 for a term of one year with the option to renew for an additional year upon approval by the Commission.

Amend

26. Discussion and possible action related to the professional consulting services contract with The Planning Collaborative.

Moved by Commissioner Normandy, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0103: Authorize the General Manager of the Public Utilities Commission to execute a twelfth amendment to the professional consulting services contract with The Planning Collaborative for services provided in connection with Bernal property landholdings in the City of Pleasanton extending the term of the contract to March 31, 2001 at no additional cost.

27. Discussion and possible action related to the professional consulting services contract in connection with the Solids Handling Facility Project.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0104: Authorize the Manager of the Planning Bureau to execute Amendment No. 1 to Agreement No. CS-539, Environmental Evaluation Documentation, with the joint venture of EA Engineering, Science and Technology/ Balloffet and Associates/The Ellington Group, to complete the required environmental evaluation for the Southeast Water Pollution Control Plant Solids Handling Facility Project, extending the contract term by 11 months to December 31, 2001.

28. Discussion and possible action related to the professional consulting services contract in connection with the Alameda Creek Fisheries Enhancement Project.

Moved by Commissioner Normandy, seconded by Commissioner Caen to adopt the following resolution; passed (5-0) unanimously.

Resolution No. 01-0105: Authorize the Manager of the Planning Bureau to execute Amendment No. 1 to Agreement No. CS-540, Environmental Evaluation Documentation, with the joint venture of EA Engineering, Science and Technology/ Balloffet and Associates/The Ellington Group, to complete the required environmental evaluation for the Alameda Creek Fisheries Enhancement Project, extending the contract term by 11 months to December 31, 2001.

CLOSED SESSION

29. Public comments on matters to be discussed in Closed Session.

There were none.

30. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

Moved by Commissioner Normandy, seconded by Commissioner Cook to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission went into Closed Session at 4:25 P.M. to discuss the following items:

31. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A):

Anticipated Litigation:	As Defendant Regarding Hetch Hetchy Water and Power Contract Disputes.

Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, PUC Acting General Manager Lawrence Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill Thompson.

No action taken.

32. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein/Dowd/Davis)

Property:	9 acres at the end of Sneath Lane in the northern part of the Peninsula Watershed
Parties Negotiating:	City of Pacifica and Pacifica Land Trust CCSF - Milstein/Dowd/Davis
Under Negotiation:	Terms of sale.

Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, PUC Acting General Manager Lawrence Klein, Utilities General Counsel Vicki Clayton, Water Quality Bureau Manager Andrew DeGraca, Water Supply and Treatment Division Manager Cheryl Davis, Land Resources Manager, Joe Naras, Water Quality Bureau Supervisor of Laboratories, James Salerno, and Commission Secretary Jill Thompson.

Item 32 was continued to the next regular meeting on May 8, 2001.

33. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position:	General Manager, Public Utilities

Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, PUC Acting General Manager Lawrence Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill Thompson.

No action taken.

Following the Closed Session, the Commission reconvened in open session at 4:45 P.M.

34. Announcement following Closed Session.

    President Makras announced the actions taken during Closed Session.

35. Motion regarding whether to disclose the discussions during Closed Session.

    Moved by Commissioner Normandy, seconded by Commissioner Cook, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 4:46 P.M.

Jill R. Thompson
Secretary

/dr

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Victor G. Makras
President
Ann Moller Caen
Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

John P. Mullane, Jr.
General Manager

NOTICE OF SPECIAL MEETING

Notice is hereby given that the Public Utilities Commission of the City and County of San Francisco will hold a special staff briefing on the PUC's Long Range Plans: Long Term Strategic Plan, the Capital Improvement Program, and the Long Range Financial Plan, on Tuesday, May 1, 2001 at 9:00 a.m. at 1155 Market Street, 4th Floor Conference Room, in San Francisco, California.

Jill R. Thompson
Secretary

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

WORKSHOP NOTES

May 1, 2001
9:00 A.M.
4th Floor Conference Room
1155 Market Street

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Utilities Engineering Bureau
Water Quality

Lawrence T. Klein
ACTING GENERAL MANAGER

Jill R. Thompson
SECRETARY

NOTES

The workshop was called to order at 9:15 A.M.

Present were President Victor G. Makras, Vice President Ann Moller Caen, Commissioner Frank L. Cook, and Commissioner Ashok Bhatt.

Commissioner E. Dennis Normandy arrived at 9:30 a.m.

President Makras invited Art Jensen, General Manager of the Bay Area Water Users Association, John Kluesener of the San Francisco Water Alliance, and any members of the Mayor's Infrastructure Task Force present to join the Commission at the Table. Mr. Jensen and Mr. Kluesener joined the Commission. There was no member of the Task Force present.

Lawrence T. Klein, Acting General Manager, gave a brief introduction and handed the meeting over to Michael Carlin, Manager of the Bureau of Systems and Strategic Planning for the Public Utilities Commission. Mr. Carlin covered the Process Overview and the Long-Term Strategic Plan in a power point presentation fielding questions from the floor.

Mr. Jensen offered some possible amendments to the Strategic Plan in a hand out and President Makras asked the General Manager to draft a letter to the Infrastructure Task Force asking for similar material so that the Commission could be assisted by both sets of input in their decision making.

At 11:10 a.m., the Commission was about to lose its quorum, and the meeting was continued to May 8, 2001 at 10:30 a.m. in Room 400, City Hall.

Jill R. Thompson
Secretary

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Ashok Kumar Bhatt

Lawrence T. Klein
Acting General Manager

NOTICE OF CONTINUED SPECIAL MEETING

Notice is hereby given that the Public Utilities Commission meeting of May 1, 2001 was continued to *May 8, 2001* at *10:30 A.M. in City Hall, Room 400, 1 Dr. Carlton B. Goodlett Place in San Francisco, California.* The Commission will continue with the staff briefing on the PUC's Long Range Plans: Long Term Strategic Plan, the Capital Improvement Program, and the Long Range Financial Plan.

Jill R. Thompson
Secretary

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

WORKSHOP NOTES

May 8, 2001
10:30 A.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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Utilities Engineering Bureau
Water Quality

Lawrence T. Klein
ACTING GENERAL MANAGER

Jill R. Thompson
SECRETARY

THIS MEETING WAS CONTINUED FROM THE WORKSHOP OF MAY 1, 2001.

The meeting convened at 10:45 a.m.

Present were President Victor G. Makras, Commissioner E. Dennis Normandy, and Commissioner Frank L. Cook.

Vice President Ann Moller Caen arrived at 10:55 a.m.

Commissioner Ashok Bhatt arrived at 11:04 a.m.

Michael Carlin, Manager of the Bureau of Systems & Strategic Planning continued with the agenda from May 1, starting with Item 4, Capital Improvement Program. Mr. Carlin covered the agenda with a power point presentation.

Vice President Caen asked for a "What If" list – a list of projects outside the basic program. She also asked for copies of the Framework Overview slide that was in the Power Point presentation but not in the handout. President Makras wanted a column added to the "Cost of the Proposed CIP" slide which delineated if there were possibly other funding sources, e.g. Federal/State/other.

Two members of the public commented on the CIP - Lauren Ladd and Emerick Kalman.

At 12:23 p.m. the meeting was continued to May 15, 2001 at 9:00 a.m. at 1155 Market Street, 4th Floor Conference Room.

Jill R. Thompson
Secretary

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AGENDA

REGULAR MEETING

May 8, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

COMMISSIONERS

Victor G. Makras, President
Ann Moller Caen, Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

DEPARTMENTS
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Hetch Hetchy Water & Power
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Utilities Engineering Bureau
Water Quality

Lawrence T. Klein
ACTING GENERAL MANAGER

Jill R. Thompson
SECRETARY

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a. Ridge Trail Alternatives. (Davis)

   b. San Francisco Water Alliance Monthly Report. (Kluesener)

8. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

9. Discussion and possible action related to the SFPUC Long Range Plans: Long Term Strategic Plan, the Capital Improvement Program, and the Long Range Financial Plan. (Berry)

10. Public Hearing – To consider a revised Schedule of Rates to be charged for retail water service in San Francisco and suburban areas. (Continued from the meeting of April 24, 2001). (Laws)

    Staff Recommendation: Adopt an 8.65% increase in rates to be charged for retail water service in San Francisco and suburban areas which shall be uniform to the nearest ten cents on service charges and to the nearest cent on water rates for all water delivered within the City and County of San Francisco and all water delivered to suburban non-resale customers, to be effective with meter readings made on or after July 1, 2001.

11. Public Hearing – To consider a revised Schedule of Rates to be charged for water service to suburban resale customers. (Continued from the meeting of April 24, 2001). (Laws)

    Staff Recommendation: Adopt a 2.8% increase in rates for suburban resale water service which shall be uniform to the nearest ten cents on service charges and to the nearest cent on water rates for all water delivered to suburban resale customers to be effective with meter readings on or after July 1, 2001.

12. Public Hearing – To consider a revised Schedule of Charges to be charged for sewer service in San Francisco and adjacent areas. (Continued from the meeting of April 24, 2001). (Laws)

    Staff Recommendation: Retain the current Schedule of Charges for sewer service in San Francisco and adjacent areas based on the determination that projected revenues under existing charges will be sufficient to meet projected operating requirements for the fiscal year beginning July 1, 2001.

13. Discussion and possible action concerning a Memorandum of Understanding with the cities of Palo Alto and Santa Clara. (Park)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Memorandum of Understanding with the cities of Palo Alto and Santa Clara in which the parties agree to work together to develop and assure long term, reliable, economic and environmentally responsible energy supplies for our customers, constituents, and citizens.

14. Discussion and possible action related to the SFPUC Outreach/Action Plan. (Continued from the meeting of March 13, 2001.) (Fletcher)

Staff Recommendation: Authorize the General Manager of Public Utilities to implement the outreach/action plan.

15. Report on the progress of the implementation of the Lake Merced Comprehensive Management Plan. (Carlin)

Staff Recommendation: For information only.

16. Discussion and possible action related to a fund transfer within the City Distribution Division. (Flores)

Staff Recommendation: Authorize the General Manager to request the Controller to transfer $280,000 surplus from City Distribution Division's "Services to Other Departments" to cover the shortfall in the Materials and Supplies budget.

LEASES AND PERMITS

17. Discussion and possible action related to a lease with Emmett Construction Co., Inc. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Emmet Construction Co., Inc. for approximately 4,080 square feet of SFPUC land located on a portion of Parcel 1254(7) of Bay Division Pipeline Nos. 1 and 2 right of way in Newark, California, for general storage of construction materials

18. Discussion and possible action related to a lease with Ron Price Motors. (Dowd)

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a lease with Ron Price Motors, for approximately 1.07 acres of SFPUC land located on a portion of Parcel 5 of former Muni right-of-way and portion of Parcel 24 of San Mateo County lands, in South San Francisco, California, for parking purposes.

CONSTRUCTION CONTRACTS

Advertise

19. Discussion and possible action related to SFPUC Contract No. WD-2352. (Quan)

Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for SFPUC Contract No. WD-2352, 4", 6" and 8" Ductile Iron Pipe Main Installation in Stevenson Street from 5th Street to 7th Street, in Jessie Street from 1st Street to 3rd Street, and 7th Street to the dead end east of 8th Street, and in Anthony Street from Mission Street to Jessie Street.

20. Discussion and possible action related to SFPUC Contract No. WD-2369. (Quan)

Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for SFPUC Contract No. WD-2369, Baylands Recovery Project at the former Peninsula Sportsmen's Club-Phase 1.

Award

21. Discussion and possible action related to SFPUC Contract No. WD-2334. (Quan)

Staff Recommendation: Award SFPUC Contract No. WD-2334, Castlewood Water System: Well and Pump Stations, in the amount of $1,338,000, to Trinet Construction, Inc.

22. Discussion and possible action related to Clean Water Program Contract No. CW-281. (Quan)

Staff Recommendation: Award Clean Water Program Contract No. CW-281, Funston Avenue/12th Avenue/Moraga Street Sewer Replacement, in the amount of $379,647 to J. Flores Construction Company, Inc.

Close

23. Discussion and possible action related to Clean Water Program Contract No. CW-122. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-122, Dolores/Ord/23rd/28th Streets Sewer Replacement; approve Final Modification No. 1 increasing the contract by $3,295 for a final contract amount of $414,895; and authorize final payment of $29,426 to JMB Construction, Inc.

24. Discussion and possible action related to Clean Water Program Contract No. CW-246. (Quan)

Staff Recommendation: Accept work performed for Clean Water Program Contract No. CW-246, Clay and Sacramento Streets Sewer Replacement; approve Final Modification increasing the contract by $69,810, and extending the contract term by 13 days; and authorize final payment of $160,493 to JMB Construction, Inc.

CLOSED SESSION

25. Public comments on matters to be discussed in Closed Session.

26. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a): (Clayton)

Existing Litigation:	Miron v. CCSF, et.al., Superior Court No. 413178.

28. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8: (Milstein/Dowd/Davis)

Property:	9 acres at the end of Sneath Lane in the northern part of the Peninsula Watershed
Parties Negotiating:	City of Pacifica and Pacifica Land Trust CCSF - Milstein/Dowd/Davis
Under Negotiation:	Terms of sale.

29. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Balboa Reservoir
Parties Negotiating:	CCSF – Dowd/Kubick
Under Negotiation:	MOU

30. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A): (Furman)

Anticipated Litigation:	As Defendant Regarding Hetch Hetchy Water and Power Contract Disputes.

31. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position:	General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

32. Announcement following Closed Session.

33. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

52
2
8/01

SFPUC

WATER
HETCH HETCHY
WATER & POWER
CLEAN WATER

San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

MINUTES

May 8, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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COMMISSIONERS

Victor G. Makras, President
Ann Moller Caen, Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

DEPARTMENTS
Water Department
City Distribution Division
Water Supply & Treatment
Hetch Hetchy Water & Power
Clean Water Program
Water Pollution Control

BUREAUS
Commercial Land Management
Customer Service
Environmental Regulation and Management
Finance
Information Technology Services
Personnel and Training
Strategic and Systems Planning
Utilities Engineering Bureau
Water Quality

Lawrence T. Klein
ACTING GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.

2. Roll Call: Present - President Victor G. Makras, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

3. Approval of Minutes

   Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the Minutes of the February 27, 2001 as amended; passed (5-0) unanimously.

4. Communications

   No action was taken.

5. Old/Ongoing Business by Commissioners

   Commissioner Normandy requested that staff provide a report concerning fiber optic installations on SFPUC right-of-way properties and whether a policy was being prepared.

   He also requested a report on the progress of 525 Golden Gate Avenue building.

   Commissioner Normandy inquired on the status of the possible reconstitution of the Citizens Advisory Committee on Wastewater Management. He was interested in knowing how the responsibility of that Committee can be folded in with SFPUC's ongoing outreach for the Capital Improvement Program.

   President Makras requested a report concerning changes made by the Board of Supervisors on the Calpine contract.

   President Makras requested that staff provide the Commission with a list of all on-going and substantially completed contracts at the next Commission meeting.

6. Introduction of New Business by Commissioners

   There was no new business introduced.

7. Report of the General Manager

   Lawrence T. Klein, Acting General Manager of the Public Utilities Commission, requested continuance of Item Nos. 19 and 28 to the call of the Chair.

Mr. Klein also requested continuance of Item 13, (Memorandum of Understanding between the cities of Palo Alto and Santa Clara), to the next regular Commission meeting. He said the two agencies have not reached an agreement. President Makras stated that he would like staff to present the item so that the Commission could provide some input on the matter.

Mr. Klein reported that Crissy Field opened this week. The Park Association held a dedication ceremony and gave special thanks to the SFPUC for helping in the cleanup of the Baker Street facility.

Mr. Klein noted that the Board of Supervisors approved the contract with Calpine to provide power to the City & County of San Francisco. The contract term was for the purchase of power at 50 megawatts per hour, 24 hours a day, for a five-year period at a price under $80 per megawatt hour.

Mr. Klein stated that the Utilities Engineering Bureau would hold a Contractors Town Hall meeting on Friday, May 11, 2001, at the San Francisco Public Library.

President Normandy noted that the SFPUC garnered another award from the American Public Works Association related to the restoration of the Sunol Water Temple.

a. Ridge Trail Alternatives.

Cheryl Davis, Water Supply & Treatment Division Manager, gave a brief background concerning the Peninsula Watershed Management Plan, the Ridge Trail Alternative, and issues concerning the proposed alternatives for access. The original alternative preferred by the Commission was for docent-led hiker access. The Commission then modified the alternative to include more access.

Joseph Naras, Land Resources Manager, gave a presentation on the subject using electronic slides. The original alternatives selected as the preferred alternative included different achievements with balanced water quality and ecological protection, public access, and watershed activities. The goal of the preferred plan was to maintain and improve the source water quality. There was a broad array of different types of access studied in the plan.

Mr. Naras reported that staff met with Supervisor Ammiano, the Bay Area Ridge Trail Council, and members of the environmental community and because of their discussions, a fifth alternative was recommended, called Alternative E. The major component of Alternative E is multi-mobile access with a guided leader that provide access to watershed areas three times a week, and three times a day for different type of groups, such as equestrians, hikers, and bicyclists.

Mr. Naras stated that five alternatives were considered in the watershed plan. They were: Alternatives A and B which provide unrestricted public access; Alternative C provides access by an annual permit; Alternative D provides docent-led access (the preferred and environmentally superior alternative); and Alternative E provides guided multi-mobile access.

With regard to mitigation measures, Alternatives A and B are more expensive as they require increased mitigation measures. Alternatives C and D are more easily mitigated. The mitigation measures required for Alternative E are far less expensive than Alternatives A and B. Mr. Naras stated that a cost analysis was not available since some of the items evaluated are preliminary and require a more sophisticated analysis and design.

In response to Commissioner Caen's inquiry, Mr. Klein stated that Supervisor Tom Ammiano's office led the negotiations with environmental groups who were concerned with open or additional public access to the watershed. The Bay Area Ridge Trail Council met with groups and outlined the number of measures and concerns related to endangered species and impact to watershed and water quality in the Environmental Impact Report (EIR). As a result, the group came up with Alternative E (hybrid), which was similar to Alternative D.

Commissioner Caen asked whether the EIR supported Alternative E as much as it supported Alternative D. Mr. Naras responded that the EIR studied the entire range of alternatives. Alternative D was far more restrictive. The greatest concern was bicyclists or mountain bikers will go off trail and create new trails. A supervised type of access will ameliorate that problem.

Commissioner Caen and Commissioner Cook expressed concerns that the ratepayers will be paying for the cost of this project. Mr. Naras stated that there were a number of pledges from various organizations such as San Mateo County, Golden Gate National Recreation Area (GGNRA), and volunteer leaders. He would provide the cost estimate and corresponding share of the cost for each organization.

Commissioner Cook stated that the program would require facilities such as parking lots, telephones, and medical aids. He also asked about the extent of staff time and the costs incurred from inception of the EIR to date.

Cheryl Davis explained that at the last budget process, the Commission approved a new position that would coordinate the program. She said other organizations would draw on volunteers to lead people and schedule

volunteers. Ms. Davis stated that staff would seek external funding for toilets.

Commissioner Normandy stated that he would not vote for Alternatives A and B which called for unrestricted access and that if he were to vote today, he would be willing to look at Alternatives D or E in the interest of saving ratepayers' money. He suggested that any further work in investigating costs should be focused only on Alternatives D and E. President Makras concurred.

Commissioner Bhatt expressed support for Alternative C mainly due to the annual permit that will be required for access. He said Alternatives D and E could cause financial burden.

President Makras said that he was open to more access as recommended in Alternatives D and E. He commented that he respected the fact that it is the ratepayer's money we were spending for this program but that the issue was not spending their money so much as whether our action reflects sound management. He said that if we were to allow access and pick an alternative, the Commission and the public should know what is the proximity of the trails to the water, is the water quality compromised, what are the risks associated with the type of access, what is the smartest way for access, and what are its economic effect to operations. He said we need these facts to justify the position we choose to take.

President Makras stated that if we were to implement guided tours, staff should limit access to certain hours only to eliminate the need for 24-hour monitoring. He asked staff if they have looked at other jurisdictions and what type of problems they were having with access. Ms. Davis responded that they have talked to other agencies about difficulties associated with public access and environmental impacts.

Commissioner Normandy requested that staff provide a definition of what is a watershed, and what is the Commission's duty relative to specifically setting aside public land and what has to be done for recreation. He encouraged the members of the Commission to have a tour of the watershed.

b. San Francisco Water Alliance Monthly Report.

John Kluesener of the San Francisco Water Alliance (SFWA) reported on the progress of the overall program management project for the month of April 2001.

On staff development, Mr. Kluesener stated that SFWA completed a survey to compile a skill database for 137 employees in the Utilities Engineering

Bureau. They prepared a development plan for training over the next several months and started training employees in project controls, estimating workshops, and the program management information system. They have put together a number of procedures for construction management and they will train site managers on these procedures. The major issue remains in project control and estimating areas where there is a need to develop leadership within UEB to take over the program.

They are also working with the SFPUC Communications Group to develop a communications program.

Regarding project closeouts, Mr. Kluesener reported that out of the 112 projects identified for closeout, 40 projects were actually closed out. He stated that putting together documentation for closeouts had been an issue. He commented that some projects have a number of phases and they continue for a long time. Those type of projects need to be incorporated into one project.

SFWA had been reviewing Prop A and B projects and they wanted to make sure that all projects listed meet the terms of the agreement. They wanted to determine the scope of work, how much was budgeted, how much was expended, and completion date. Mr. Kluesener recommended focusing on smaller projects with specific scope of work, defined completion date, and a defined budget.

With regard to MBE/WBE participation, their targeted goal was 40% for Minority Business Enterprise (MBE) and they have been slightly over 40%. They will continue to focus on 45% as far as women owned enterprise participation is concerned.

With respect to communications, they were putting together a brochure that reflects where we were going and what has been done in the past. They were also looking at placing mobile interactive displays at several site schools. They were also working with SFPUC staff on web system development. As the PUC already has a web based communications system in place, they were looking at being a part of that system.

They were also looking at proposing an organization that will drive the Capital Improvement Program (CIP) to completion. In the current organization, SFWA reports directly to the General Manager of Public Utilities, and the Utilities Engineering Bureau Manager has the purview for the overall program. There also is a project manager and the SFWA. His proposal suggested a Manager from SFPUC and SFWA to help deliver the program.

Commissioner Normandy commented that his understanding of SFWA's role was to develop the methodology whereby the public and stakeholders are able to find out the status of the overall CIP. He got the impression from Mr. Kluesener's presentation, that SFWA is augmenting and extending the reach of SFPUC's communications group. Mr. Kluesener stated that the communications group had asked SFWA to help with some ideas and brochures they were putting together to distinguish who SFWA is.

Commissioner Normandy stressed that the SFWA should focus on conveying what they are about, their role as program management consultant, and what they were doing on behalf of the SFPUC and what they undertake should dovetail with what the SFPUC was already doing internally.

Commissioner Cook requested a report on the status of training, how many employees have been hired, and what the goals were for training.

Regarding Task Order No. 9, the Sunol Improvement Project Bid Evaluation, President Makras commented that when this was originally presented to the Commission, it was represented that SFPUC staff will do the project without SFWA's participation. He said he was surprised to see Task Order No. 27, asking for a scheduler for Sunol Construction when it was clearly represented that SFWA would not participate in any way with that contract. Mr. Kluesener replied that when that project kicked off, SFPUC staff did not find a scheduler in-house and so they asked SFWA to supply a scheduler to control the delivery of the capital improvement program. He pointed out that the individual was working with the SFPUC's project manager and not for SFWA.

President Makras commented that the project had been earmarked as one to follow for direct comparison to the SFWA so that the Commission can understand the ability of the Utilities Engineering Bureau and the value of bringing an outside firm. He stated that if SFPUC staff will look for SFWA to assure success, then there would not be a true comparison at the end.

Michael Quan, Utilities Engineering Bureau Manager, stated that SFPUC and other engineering departments in the City did not have a scheduler in house that could provide technical expertise. They contract out for scheduler. He noted that the project scheduler is managed by UEB entirely and the monthly report on the status of the project is generated by UEB staff.

President Makras asked whether the scheduler was included in the overall plan. Mr. Quan responded that it was part of the contract and was created during the design phase. The scheduler monitors the progress of contract scheduling.

President Makras asked how long it would have taken to find a scheduler if SFWA was not on board. Mr. Quan responded that it would take six months.

President Makras directed staff to provide a memo to the Commission defining the importance of a scheduler from BAWUA to the Sunol project and the time and economic savings SFWA contributed to the contract by filling the need for a scheduler.

8. Public Comments on matters not on today's agenda.

Dick Morten of SPUR urged the Commission to address deferred maintenance, recycled water, ground water, and storm water conjunctive reuse in the CIP.

Emeric Kalman inquired about the energy consumption levels of City departments and whether the departments have been conserving energy consumption levels. Regarding Ridge Trail alternatives, he suggested including the cost of American Disability Act (ADA) requirements in the cost estimates.

Bill Long, Chair of the Bay Area Ridge Trail Council, complimented and thanked staff for their work in getting the Ridge Trail proposal going. He stated that Alternative E is the most reasonable way to allow public access.

REGULAR BUSINESS

9. Discussion and possible action related to the SFPUC Long Range Plans: Long Term Strategic Plan, the Capital Improvement Program, and the Long Range Financial Plan.

Moved by Commissioner Normandy, seconded by Commissioner Caen to continue Item 9 to the special meeting scheduled for May 15, 2001 at 9:00 a.m. at 1155 Market Street, 4th Floor Conference Room; passed (5-0) unanimously.

Items 10, 11, and 12 were taken collectively.

10. Public Hearing – To consider a revised Schedule of Rates to be charged for retail water service in San Francisco and suburban areas. (Continued from the meeting of April 24, 2001).

11. Public Hearing – To consider a revised Schedule of Rates to be charged for water service to suburban resale customers. (Continued from the meeting of April 24, 2001).

12. Public Hearing – To consider a revised Schedule of Charges to be charged for sewer service in San Francisco and adjacent areas. (Continued from the meeting of April 24, 2001).

William Laws, Rate Administrator, spoke to the item and showed overhead slides.

Mr. Laws stated that for Fiscal Year 2001-2002, staff projected that water revenue from all sources will be about $12 million less than the projected revenue requirement and will cause a reduction in the unappropriated balance for Water Enterprise from $46.6 million to $35.5 million, about a 27% reduction.

Mr. Laws reported that without a rate increase, the Water Enterprise fund balance would be depleted over the remaining period in which Proposition H will be in effect. Staff was recommending an 8.65% increase in City's retail water rates that would generate a $5 million increase in revenues derived from retail service. A rate increase of 8.65% raises only the retail share of the cost of the bonds. The debt service anticipated from the bond sale this summer would be about $10.2 million.

Mr. Laws stated that staff was proposing to raise suburban retail rates to 2.8% based on allocation cost responsibility under the master water sales contracts. Staff also recommended changes in how suburban retail rates are calculated proposing that the rate be set at 125% of the City's retail rate.

With regard to Clean Water Enterprise, Mr. Laws stated that staff anticipated that revenues under the existing rate would be $12.9 million less than the expenses of the enterprise in the coming year. This will reduce the unappropriated balance from $64.5 million to $51.6 million. No adjustment to sewer service charge was recommended. He noted that revenues and the unappropriated fund balance were sufficient to cover operating expenses in the coming year and provide for debt service coverage.

Scott Predmore commented against reclassying single residential occupancy hotels (SROs) to residential for sewer rate purposes. He said the Sewer Service Charge Ordinance states that residential rates are applicable when more than 50% of the sewage results from human habitation in the dwelling units. He said SROs do not fulfill the definition of a dwelling unit as they do not contain kitchens and therefore much less expensive to serve. Some hotels may have one kitchen that everybody shares.

President Makras expressed his support for reclassification of residential hotels and forwarding a recommendation to the Board of Supervisors to change the Ordinance. He directed staff to prepare an agenda item regarding Single Residency Hotels for discussion.

Commissioner Normandy stated that the SFPUC was not in the position to act on Mr. Predmore's request and that it was appropriate to present this matter to the Board of Supervisors.

Commissioner Cook requested that the City Attorney provide the Commission with their opinion in relation to this subject.

Moved by Commissioner Cook, seconded by Commissioner Caen to adopt the following resolutions; passed (5-0) unanimously.

10. Resolution No. 01-0106: Adopt an 8.65% increase in rates to be charged for retail water service in San Francisco and suburban areas which shall be uniform to the nearest ten cents on service charges and to the nearest cent on water rates for all water delivered within the City and County of San Francisco and all water delivered to suburban non-resale customers, to be effective with meter readings made on or after July 1, 2001.

11. Resolution No. 01-0107: Adopt a 2.8% increase in rates for suburban resale water service which shall be uniform to the nearest ten cents on service charges and to the nearest cent on water rates for all water delivered to suburban resale customers to be effective with meter readings on or after July 1, 2001.

12. Resolution No. 01-0108: Retain the current Schedule of Charges for sewer service in San Francisco and adjacent areas based on the determination that projected revenues under existing charges will be sufficient to meet projected operating requirements for the fiscal year beginning July 1, 2001.

13. Discussion and possible action concerning a Memorandum of Understanding with the cities of Palo Alto and Santa Clara.

Staff Recommendation: Authorize the General Manager of Public Utilities to execute a Memorandum of Understanding with the cities of Palo Alto and Santa Clara in which the parties agree to work together to develop and assure long term, reliable, economic and environmentally responsible energy supplies for our customers, constituents, and citizens.

Moved by President Makras, seconded by Commissioner Normandy to continue Item 13 to the call of the Chair; passed (5-0) unanimously.

14. Discussion and possible action related to the SFPUC Outreach/Action Plan. (Continued from the meeting of March 13, 2001.)

Staff Recommendation: Authorize the General Manager of Public Utilities to implement the outreach/action plan.

Carey Fletcher, Director of the Communications group presented the Communications Outreach Plan. She gave a slide presentation of various methods, radio, film, etc. with graphics for getting the public's attention. She stressed the need for public outreach, and education to ratepayers and stakeholders if the PUC were to receive support for bonds to do critical work on the CIP. She referred to a survey done by the Binder group in February in which San Francisco residents were only vaguely aware of the SFPUC and few knew details of the services and responsibilities of the agency. In addition, many of the respondents were more concerned about water quality than about infrastructure.

Commissioner Normandy asked whether any other survey had been done by the Communications Group beyond this survey and whether an informal survey had been done with senior management and staff. Ms. Fletcher replied that no other survey had been done by the Communications group other than the Binder one and that the group had only been formed approximately six months ago. She stated that she had talked with senior management and others and that most of the component index came from staff. She estimated that perhaps as many as 50 or 60 people had looked at the plan.

Commissioner Normandy asked whether the driving force on the plan had been this survey. Ms. Fletcher answered in the affirmative and said that past surveys prior to her being hired had been reviewed.

Commissioner Normandy stated that the Agency seemed to have an identity problem and that we needed to distinguish between the California State Public Utilities Commission and the SFPUC and that the department had to get the word out that the SFPUC handles water operations, hydroelectric power, and wastewater operations. There was an aging infrastructure and that related to the CIP. There needed to be a campaign to target these facts to various audiences. He stated that what he had seen from Ms. Fletcher's presentation was that she was targeting a conservation theme.

Ms. Fletcher explained that conservation and environmental issues seemed to resonate well with citizens even more so than seismic issues. Contaminants in water seemed to trigger reaction and that perhaps the first areas to go with were the environmental ones, but that the Plan was flexible.

Commissioner Normandy stated that the heavy lifting in any campaign or action plan was determining and getting agreement on key messages. He felt that the cart had been put before the horse. A conservation theme was being put forward without first getting agreement on key messages to be put forth from the Commission.

Ms. Fletcher said it was a first step. She stated that she had contacted the Commissioner and asked for his input but his schedule had been busy. She would appreciate his feedback and that of the other Commissioners.

Commissioner Normandy stated that in fact, feedback was happening at the moment and although he and the other Commissioners were happy to help, they were not going to do staff's job for them. He also asked the rationale for the budget allocations. He saw no reason to heavily target stakeholders and policymakers when the need was to reach voters and ratepayers. Something did not fit. He asked Ms. Fletcher to explain. In addition, he noted that the combined budget for the group was supposed to be $1,000,215, with Wessling Consultants plus another $415,000 which added up to $1,000,600. Ms. Fletcher stated they had tried to pull together 18-month figures and that they had to estimate with regard to public service ads. She introduced Sam Murray of the Communications group who was responsible for the budget. Mr. Murray stated that the budget was a theoretical one until the action plan was approved. He stated they could get a general breakdown of the complete budget and everyone involved if necessary.

Commissioner Normandy stated that it would be helpful to have this but that before one dollar was spent, the Commission must agree on the messages, themes and subtexts.

Mr. Murray stated that the direction had been given by the former General Manager, John Mullane. He also wanted to state that San Francisco had done a great job with regard to the environmental movement, especially with the Clean Water Program, and that could be applied to power generation.

Commissioner Normandy had questions on the rationale for particular media, ad efficiencies and effectiveness and reach, versus frequencies and the cost per thousand and the ratio of production dollars to space and time placements.

Ms. Fletcher stated that it was a first step and was the best they could do without input from the Commission. She asked approval to move and then the Communications group could come back with the numbers.

Commissioner Normandy stated that an action plan had been requested in October/November and that it was now May and why had questions not been put forth earlier. The Commission was the decision-making body and they must decide how to position the agency.

Vice President Caen concurred with Commissioner Normandy and felt there were many unanswered questions and she wondered what had been spent on collateral materials. Ms. Fletcher replied that many of the collateral materials did not involve the campaign, but the annual report, water quality report and such were included.

Vice President Caen thought that $60,000 for the annual report seemed excessive and agreed with Commissioner Normandy that perhaps the Commission did not want to put emphasis on the annual report but needed to be clear on the message.

Ms. Fletcher replied that this was just an estimate and the thought was to make the annual report more of a marketing tool and a profile of the SFPUC to serve a multitude of purposes.

President Makras stated he received many water bills in connection with his business and the inserts on the Toilet Sales were very shoddy and did not show the SFPUC logo. He questioned the fact that we could not get right something as simple as a flyer. He asked the General Manager to bring to the Commission a calendar item that brought a consistent message. The General Manager stated that he did not think it was something that needed to come back to the Commission. President Makras said he would move to continue to the call of the chair. He expressed his views that he was amazed at the numbers shown today. He thought we had a very good media spokesperson and that person could disseminate information from staff to the press and others in a simple brochure type folder. The media spokesperson would have the project manager name for various contracts and know who to call for information. This Plan was growing much larger than he had envisioned and if staff came forward with this type of expenditure, he would be against it.

Commissioner Normandy said that the Media Spokesperson approach worked well but it was a reactive element of a communication process. The plan must be broader than that. There were three basic elements to the communications process: Reaction under which there is damage control and crisis management; the proactive elements where one tries to get a story out and the objectives have to be framed so that there is consistency; and ongoing business – employee recognition programs, newsletters, internal communications, etc.

He reiterated the fact that the Plan must come to the Commission asking for agreement on messages so that when a spokesperson goes to the media, when a department head talks to a neighborhood, when a newsletter is printed, when an annual report is put together and an employee recognition program is put forth, there is a cohesive message. He said we have to primarily distinguish between the California Public Utilities Commission and the San Francisco Public Utilities Commission, tell people what we do, that our infrastructure is aging, and that we have a major challenge. Without this cohesive framework, everyone is at a loss as to what to say and do to move the agency forward.

Moved by President Makras, seconded by Commissioner Normandy to continue item 14 to the call of the Chair; passed (5-0) unanimously.

At 4:15 p.m. the meeting was recessed. At 4:30 p.m., the meeting reconvened.

15. Report on the progress of the implementation of the Lake Merced Comprehensive Management Plan.

Staff Recommendation: For information only.

John Plummer, one of the founders of Friends of Lake Merced, commented that activities proposed in the plan had not been conducted. He requested that the Commission revisit the plan, bring it up to date, and develop action items.

Tim Colen, Co-Chair of the Lake Merced Task Force, urged the Commission to implement the Comprehensive Management Plan for Lake Merced and fast track the tertiary water treatment plant at Oceanside.

Dick Allen of the Lake Merced Task Force Water Committee requested copies of the minutes of negotiations that had taken place on issues with golf courses and the City of Daly City. He urged the protection of the Westside Basin aquifer.

Jerry Cadagan of the Committee to Save Lake Merced suggested that the Commission get involved with Colma and Daly City to get the plan done.

President Makras commented that he wanted to see the plan that addresses the needs for Lake Merced. He asked that it be presented at the next quarterly report and if staff was not ready that they request extension through the General Manager's Report. He wanted to see how much it is going to cost to implement the plan so that interested parties can start talking about funding the project.

Commissioner Normandy was excused at 4:35 p.m.

16. Discussion and possible action related to a fund transfer within the City Distribution Division.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

Resolution No. 01-0109: Authorize the General Manager to request the Controller to transfer $280,000 surplus from City Distribution Division's "Services to Other Departments" to cover the shortfall in the Materials and Supplies budget.

LEASES AND PERMITS

17. Discussion and possible action related to a lease with Emmett Construction Co., Inc.

    Moved by Commissioner Caen, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

    Resolution No. 01-0110: Authorize the General Manager of Public Utilities to execute a lease with Emmet Construction Co., Inc. for approximately 4,080 square feet of SFPUC land located on a portion of Parcel 1254(7) of Bay Division Pipeline Nos. 1 and 2 right of way in Newark, California, for general storage of construction materials

18. Discussion and possible action related to a lease with Ron Price Motors.

    President Makras recommended amending the lease to reflect that the lessee will use $15,000 square feet of 1.07 acre parcel owned by the SFPUC. He directed staff to take steps necessary to separate the portion of land they were leasing versus the land they were not going to use.

    Moved by President Makras, seconded by Commissioner Bhatt; passed (4-0) unanimously.

    Resolution No. 01-0111: Authorize the General Manager of Public Utilities to execute a lease with Ron Price Motors, for approximately 1.07 acres of SFPUC land located on a portion of Parcel 5 of former Muni right-of-way and portion of Parcel 24 of San Mateo County lands, in South San Francisco, California, for parking purposes.

CONSTRUCTION CONTRACTS

Advertise

19. Discussion and possible action related to SFPUC Contract No. WD-2352.

    Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for SFPUC Contract No. WD-2352, 4", 6" and 8" Ductile Iron Pipe Main Installation in Stevenson Street

from 5th Street to 7th Street, in Jessie Street from 1st Street to 3rd Street, and 7th Street to the dead end east of 8th Street, and in Anthony Street from Mission Street to Jessie Street.

Item 19 was removed from the agenda.

20. Discussion and possible action related to SFPUC Contract No. WD-2369.

Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for SFPUC Contract No. WD-2369, Baylands Recovery Project at the former Peninsula Sportsmen's Club-Phase 1.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt Item 20.

President Makras asked where the design phase of the project comes into play when a project involves environmental cleanup. Lota DeCastro, Project Manager, responded that after staff had identified the areas and level of contamination, the design was prepared that addresses the amount of excavation and level of treatment required in the mitigation plan.

President Makras asked the reason for breaking up the mitigation into phases and not full mitigation all at once. He said that in the past we never phase mitigation. Ms. Castro stated that the cost for first phase is $3.3 million and there is no money for the entire mitigation, which is estimated to be around $20 million.

President Makras requested the maker and seconder to continue the item as he would like to see a mitigation plan for Phase 1. He said that this was a tremendous amount of money to clean up the site and he was not willing to spend $20 million without a full mitigation plan.

Commissioner Cook and Commissioner Bhatt withdrew their motion.

Steve Medbery, Manager of the Bureau of Environmental Regulation Management, commented that it is logical to phase the mitigation and not do it all concurrently. He said that it is important to get this done on time because the regulators are expecting us to take constructive action and we need to get it done before it starts raining.

Moved by Commissioner Makras, seconded by Commissioner Caen to continue Item 20 to the call of the Chair; passed (4-0) unanimously.

Award

Moved by Commissioner Caen, seconded by Commissioner Bhatt to adopt Item numbers 21 and 22 together; passed (4-0) unanimously.

21. Resolution No. 01-0112: Award SFPUC Contract No. WD-2334, Castlewood Water System: Well and Pump Stations, in the amount of $1,338,000, to Trinet Construction, Inc.

22. Resolution No. 01-0113: Award Clean Water Program Contract No. CW-281, Funston Avenue/12th Avenue/Moraga Street Sewer Replacement, in the amount of $379,647 to J. Flores Construction Company, Inc.

Close

Moved by Commissioner Caen, seconded by Commissioner Cook to adopt Item numbers 23 and 24 together; passed (4-0) unanimously.

23. Resolution No. 01-0114: Accept work performed for Clean Water Program Contract No. CW-122, Dolores/Ord/23rd/28th Streets Sewer Replacement; approve Final Modification No. 1 increasing the contract by $3,295 for a final contract amount of $414,895; and authorize final payment of $29,426 to JMB Construction, Inc.

24. Resolution No. 01-0115: Accept work performed for Clean Water Program Contract No. CW-246, Clay and Sacramento Streets Sewer Replacement; approve Final Modification increasing the contract by $69,810, and extending the contract term by 13 days; and authorize final payment of $160,493 to JMB Construction, Inc.

CLOSED SESSION

25. Public comments on matters to be discussed in Closed Session.

    There was none.

26. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Commissioner Caen, seconded by Commissioner Bhatt to adopt the following resolution; passed (4-0) unanimously.

The Public Utilities Commission met in Closed Session at 5:10 p.m. to discuss the following matters:

27. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation:	Miron v. CCSF, et.al., Superior Court No. 413178.

Present were President Makras, Vice President Caen, Commissioner Cook, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill Thompson, Water Supply & Treatment Division Manager Cheryl Davis, and Water Treatment Superintendent Paul Mazza.

Moved by Commissioner Cook, seconded by Commissioner Bhatt to recommend a settlement; passed (4-0) unanimously.

Resolution No. 01-0116:	Recommend a settlement in the case of Miron v. CCSF, et.al., Superior Court No. 413178.

28. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	9 acres at the end of Sneath Lane in the northern part of the Peninsula Watershed
Parties Negotiating:	City of Pacifica and Pacifica Land Trust CCSF - Milstein/Dowd/Davis
Under Negotiation:	Terms of sale.

Item 28 was continued to the call of the Chair.

29. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Balboa Reservoir
Parties Negotiating:	CCSF – Dowd/Kubick
Under Negotiation:	MOU

Present were President Makras, Vice President Caen, Commissioner Cook, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill Thompson, City Distribution Division Manager Tony Flores, Commercial Land Management Manager Gary Dowd, BSSP Planner Barry Pearl, and Project Manager Karen Kubick.

No action was taken.

30. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A):

Anticipated Litigation:	As Defendant Regarding Hetch Hetchy Water and Power Contract Disputes.

Present were President Makras, Vice President Caen, Commissioner Cook, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill Thompson, Assistant General Manager for Power Ed Smeloff, and Hetch Hetchy Water & Power Acting General Manager Laurie Park.

No action was taken.

31. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Makras, Vice President Caen, Commissioner Cook, Commissioner Bhatt, Acting PUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill Thompson.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 5:35 p.m.

32. Announcement following Closed Session.

President Makras announced the actions taken during Closed Session.

33. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Cook, seconded by Commissioner Caen, not to disclose the discussions during Closed Session; passed (4-0) unanimously.

Thereupon, the meeting was adjourned: 5:37 P.M.

Jill R. Thompson
Secretary

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Ann Moller Caen
Vice President
E. Dennis Normandy
Frank L. Cook
Ashok Kumar Bhatt

Lawrence T. Klein
Acting General Manager

NOTICE OF SPECIAL MEETING

Notice is hereby given that the Public Utilities Commission of the City and County of San Francisco will hold a special staff briefing on the PUC's Long Range Plans: Long Term Strategic Plan, the Capital Improvement Program, and the Long Range Financial Plan, on Tuesday, May 15, 2001 at 9:00 a.m. at 1155 Market Street, 4th Floor Conference Room, in San Francisco, California.

Jill R. Thompson
Secretary

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

WORKSHOP NOTES

May 15, 2001
9:00 A.M.
1155 Market Street
Fourth Floor Conference Room

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Lawrence T. Klein
ACTING GENERAL MANAGER

Jill R. Thompson
SECRETARY

THIS MEETING WAS CONTINUED FROM THE SPECIAL MEETING OF MAY 8, 2001

The meeting was convened at 9:23 A.M.

Present were President Victor G. Makras, Vice President Ann Moller Caen, and Commissioner Frank L. Cook.

Commissioner Ashok Bhatt arrived at 9:24 A.M.

Commissioner E. Dennis Normandy arrived at 9:25 a.m.

President Makras asked Mr. Carlin to continue where he had left off at the May 8 meeting. He said he did not want a reiteration of material already covered. He also stated that he wanted the record to show that no member of the Infrastructure Task Force was present and he instructed the General Manager to write a letter inviting the Task Force to participate in the next meeting on the Long Range Plans, Capital Improvement Plan, and Financial Plan.

Mr. Carlin distributed a matrix showing the staff Strategic Plan Objectives with a column for BAWUA comments on various points.

Emeric Kalman of the public asked where we were with:

1) Desalinization
2) Recycled Water Program
3) Sewage Treatment capacity and the Crosstown Tunnel

Mr. Carlin replied that Desalinization was far too expensive to be considered, the recycled water program was included in the CIP and the Crosstown Tunnel was a dead issue.

Commissioner Normandy stated that the CIP should be broken down into four categories:

A. Overall operations
B. Water operations
C. Power operations
D. Clean Water operations

He stated we need a benchmark as to what we were currently doing and what we had in the plans. There should be a block of time of three, five or ten years and not bother with annual reviews so that projects would be easier to track and the organization could gear up for personnel etc.

The workshop was recessed at 10:20 a.m. and reconvened at 10:30 a.m.

Mr. Berry presented the Financial Plan and fielded questions from the Commission.

President Makras asked how we could improve our bond ratings. Mr. Berry replied that it would take at least two or more years. Deciding factors would be the hiring of a permanent General Manager, adoption of the CIP and the passage of a rate increase.

Commissioner Normandy stated we needed to have a defensible strategy and rate the projects by age, risk factor and affordability to get the public's buy in.

President Makras stated staff needed to rewrite their recommendations and present to the Commission who would vote a project up or down. He would like to see a list of projects, with one line describing the project, how the project fits into the system and the cost. Also the rate impact. What was the end goal: reliability? Seismic soundness? allowance for growth? He asked Mr. Jensen for his list of priorities and Mr. Jensen listed 20 projects in order of importance to him and BAWUA.

Commissioner Normandy stated he also wanted to see which projects were A & B bond funded, and which were mandated. He also wanted staff to be more specific and not stick to the general groupings as had been shown.

President Makras said the Commission had been waiting for months for this and it was not as the Commission envisioned. He asked when Mr. Berry could come back with the plan as put forth by the Commissioners.

Mr. Berry stated that he could be ready by the first meeting in June.

Commissioner Normandy stressed that the PUC needed to know where the agency is going for the next 10 years – that a Long Term Strategic plan was not a Capital Improvement Plan and the Infrastructure Task Force was looking specifically at Capital Planning

President Makras continued the meeting to June 12, 2001 at 10:30 a.m. in Room 400, City Hall.

The meeting adjourned at 12:30 p.m.

Jill R. Thompson
Secretary

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San Francisco Public Utilities Commission
City and County of San Francisco

Willie L. Brown, Jr.
MAYOR

AGENDA

REGULAR MEETING

May 22, 2001
1:30 P.M.
City Hall, Room 400
1 Dr. Carlton B. Goodlett Place

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Lawrence T. Klein
ACTING GENERAL MANAGER

Jill R. Thompson
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For information contact the Commission Secretary at 554-3165
Agenda and other information are available on the SFPUC web site: www.ci.sf.ca.us/puc

Disability Access

The Public Utilities Commission meeting will be held in Room 400, City Hall, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA. The Commission meeting room is wheelchair accessible. The closest accessible BART station is the Civic Center Station at United Nations Plaza and Market Street. Accessible MUNI lines serving this location are: #42 Downtown Loop, and #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro Stations at Van Ness and Market and at Civic Center. For information about MUNI accessible services call (415) 923-6142. There is accessible curbside parking adjacent to City Hall on Grove Street and Van Ness Avenue and in the vicinity of the Veterans Building at 401 Van Ness Avenue adjacent to Davies Hall and the War Memorial Complex.

The following services are available on request 48 hours prior to the meeting; except for Monday meetings, for which the deadline shall be 4:00 p.m. of the last business day of the preceding week: For American sign language interpreters or the use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please contact Jill R. Thompson at (415) 554-3165 or our TDD at (415) 554-3488 to make arrangements for the accommodation. Late requests will be honored, if possible.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals. Individuals with chemical sensitivity or related disabilities should call our accessibility hotline at (415) 554-6060.

Know your rights under the Sunshine Ordinance
(Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public, reaching its decisions in full view of the public. Commissions, boards, councils, and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact the Sunshine Ordinance Task Force, Donna Hall, Clerk, City Hall, Room 409, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102-4683 at Phone No.: (415) 554-7724; Fax No.: (415) 554-7854; E-mail: Donna_Hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

The ringing of and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting. Please be advised that the Chair may order the removal from the meeting room of any person(s) responsible for the ringing or use of a cell phone, pager, or other similar sound-producing electronic devices.

San Francisco Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Admin Code §16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street #801, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site http://www.ci.sf.ca.us/ethics/.

ORDER OF BUSINESS:

1. Call to Order

2. Roll Call

3. Approval of Minutes

4. Communications

5. Old/Ongoing Business by Commissioners

6. Introduction of New Business by Commissioners

7. Report of the General Manager

   a. Owner Controlled Insurance Program. (Quan)

8. Bay Area Water Users Association (BAWUA) General Manager's Report. (Jensen)

   a. Water Conservation Education Video.

   b. Water Shortage Allocation Plan Adoption Status.

9. Public Comments

   Members of the public may address the Commission on matters that are within the Commission's jurisdiction and are not on today's agenda.

THE FOLLOWING MATTERS BEFORE THE PUBLIC UTILITIES COMMISSION ARE RECOMMENDED FOR ACTION AS STATED, BY THE GENERAL MANAGER OF PUBLIC UTILITIES, AND CITY ATTORNEY WHERE APPLICABLE.

Explanatory documents that have been provided to the Commission in connection with this agenda are available for public inspection and copying at the office of the Commission Secretary, 1155 Market Street, 4th Floor, San Francisco, CA 94103, Telephone: (415) 554-3165, Fax: (415) 554-0796.

REGULAR BUSINESS

10. Discussion and possible action related to Clean Water Program Contract No. CW-305E. (Quan)

    Staff Recommendation: Ratify the Declaration of Emergency for Clean Water Program Contract No. CW-305E, Tennessee/Cesar Chavez Streets Emergency Sewer Construction, and approve expenditure of funds in the amount of $189,000.

11. Discussion and possible action related to single residency occupancy hotels (SRO) sewer service charges. (Laws)

CONSTRUCTION CONTRACTS

Advertise

12. Discussion and possible action related to SFPUC Contract No. WD-2369. (Continued from the meeting of May 8, 2001.) (Quan)

    Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for SFPUC Contract No. WD-2369, Baylands Recovery Project at the former Peninsula Sportsmen's Club-Phase 1.

13. Discussion and possible action related to Water Department Contract No. WD-2356. (Quan)

    Staff Recommendation: Approve the plans and specifications for Contract No. WD-2356, Harry Tracy Water Treatment Plant Re-roofing, and authorize the Utilities Engineering Bureau Manager to advertise for bids.

14. Discussion and possible action related to Clean Water Enterprise Contract No. CW-268. (Quan)

Staff Recommendation: Approve the plans and specifications for Contract No. CW-268, 15th/Hancock/Walter Streets Sewer Replacement and Pavement Renovation, and authorize the Utilities Engineering Bureau Manager to advertise for bids.

15. Discussion and possible action related to Clean Water Enterprise Contract No. CW-271. (Quan)

Staff Recommendation: Approve the plans and specifications for Contract No. CW-271, Folsom/Townsend/York/Rhode Island Streets Sewer Replacement, and authorize the Utilities Engineering Bureau Manager to advertise for bids.

PROFESSIONAL SERVICE CONTRACTS

Amend

16. Discussion and possible action related to Hetch Hetchy Water Treatment Project – Chloramine Conversion Project. (Quan)

Staff Recommendation: Authorize the Utilities Engineering Bureau Manager to execute Amendment No. 1 to professional service agreement CS-506 with the ESA-Orion Joint Venture extending the agreement duration by 30 months to June 2003.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

THE PUBLIC UTILITIES COMMISSION WILL GO INTO CLOSED SESSION TO DISCUSS THE FOLLOWING ITEMS:

19. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Balboa Reservoir
Parties Negotiating:	CCSF – Dowd/Kubick
Under Negotiation:	MOU

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A): (Furman)

Anticipated Litigation:	As Defendant Regarding Hetch Hetchy Water and Power Contract Disputes.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation:	Stella Cervantes, Claim No. 01-01778.

22. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position:	General Manager, Public Utilities

FOLLOWING THE CLOSED SESSION, THE PUBLIC UTILITIES COMMISSION WILL RECONVENE IN PUBLIC SESSION.

23. Announcement following Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

ADJOURNMENT

ADDENDUM TO PUC AGENDA

City and County of San Francisco
Public Utilities Commission

1:30 p.m.
May 22, 2001

Room 400, City Hall
San Francisco, Ca. 94102

CLOSED SESSION

22 a. Conference with Legal Counsel – Pursuant to Government Code Sections 54954.5 (c) and 54956.9 (b): (Sanchez)

Anticipated litigation as Defendant

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Frank L. Cook
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Water Quality

Lawrence T. Klein
ACTING GENERAL MANAGER

Jill R. Thompson
SECRETARY

ORDER OF BUSINESS:

1. Call to Order: 1:40 P.M.

2. Roll Call: Present - President Victor G. Makras, Vice President Ann Moller Caen, Commissioner E. Dennis Normandy, Commissioner Frank L. Cook, Commissioner Ashok Bhatt

3. Approval of Minutes

   Moved by Commissioner Caen, seconded by Commissioner Cook, to adopt the Minutes of the Regular Meeting of March 13, 2001; passed (5-0) unanimously.

4. Communications

   No action was taken.

5. Old/Ongoing Business by Commissioners

   Commissioner Bhatt asked the status of the Third Street Light Rail issue.

   Lawrence T. Klein, Acting General Manager, stated that staff were finding the money to do the project. William Berry, Assistant General Manager for Finance and Administration, stated that the issue was not yet resolved but that staff were working with the Mayor's office and had not reached conclusion as to where the money would come from.

   Commissioner Normandy stated that the Commission had a memorandum regarding 525 Golden Gate Avenue property. He was surprised to see that the building was to be considered for other use beyond the SFPUC. Mr. Klein stated that the Mayor's Office had decided that they could finance the building using Certificates of Participation and were planning to do this with General Fund departments currently occupying high price rental buildings. The Bernal money had been returned to the SFPUC and had been allocated to the same set of capital programs staff proposed earlier.

   Mr. Berry added that with regard to the proposed tenants of 525 Golden Gate, staff was surprised at this outcome. He was asked to attend a meeting in the office of Ryan Brooks, Administrative Services, and as he was not able to go, Phil Arnold went in his stead. Mr. Brooks was putting together a Task Force to identify space for all City departments currently renting in the Civic Center area and staff was told that the SFPUC would not be part of the building and were instructed to work with the Department of Real Estate in terms of needs.

Commissioner Normandy said that this flew in the face of all previous communications with the Mayor himself. He requested that staff keep the Commission posted on the situation because the original reason for looking at the property was the need of the SFPUC to consolidate operations and to curtail expenses currently incurred.

President Makras stated that he thought that the SFPUC was the lead agency and that the SFPUC was funding the project. He was amazed that someone took ownership for something the SFPUC was paying for. He felt SFPUC staff should have alerted the Commission to this fact. Mr. Klein said that the Mayor's office did not always share their thoughts with the SFPUC staff and often changes had been made to budget items and to capital programs without discussion.

President Makras asked who was the SFPUC point person on this issue. Mr. Berry stated that he had been directly involved with the Mayor's office and also Phil Arnold. Lena Ch'en had been the original point person with the Bureau of Architecture and the Real Estate Department. The project had always been run out of City Hall rather than the SFPUC.

Commissioner Normandy was of the opinion that the Mayor was in favor of the SFPUC having the building but that over the years there had been moves within the Administration both at City Hall and within the SFPUC expressing positions contrary to that of the Mayor and the Commission. He pointed out that Mr. Berry had recommended that the Commission not use the money for the building. He felt that the SFPUC had lost by default and that was unacceptable.

Commissioner Cook asked how long this change had been known. Mr. Berry restated that staff was unaware of the new position. There had been discussions in the past about other departments being in the building, but staff had always represented that this was the SFPUC's building.

Commissioner Normandy asked that the President of the Commission be involved, as he wanted any changes on this to come from the top.

Vice President Caen mentioned that the meeting was on May 10, 2001 and today was May 22. The Commission should have been notified immediately and perhaps something could have been done prior to now. Mr. Berry apologized for the delay in the memo. Mr. Klein agreed that this should indeed have been relayed to the Commission. President Makras said he would meet with Mr. Brooks and the Mayor and would report his discussions at the next regular Commission meeting.

Commissioner Normandy asked about Lake Merced and mentioned a letter from John Plummer, Friends of Lake Merced, in which he praised the staff to some extent but also made serious allegations regarding withholding of information and commented on the SFPUC's relationships with Daly City and the golf courses. He

wanted this to be addressed and that the Commission be apprised of all the facts. He asked the General Manager to provide a quick response to Mr. Plummer's letter.

President Makras commented that in the joint meeting with the Infrastructure Task Force similar discussions had taken place. He stated that the Commission had been promised a CIP in November, in January, at the end of January, and again with the budget in February. Also, there was discussion on the fine line difference between the last Commission meeting in February versus the last day of February. The public process was not being well served. The public should be given information and given it in a timely manner to attain their input. Delays were obviously taking place at all levels. He asked, therefore, that every public request, with a copy of the response be included in the Commission's packet.

Commissioner Cook agreed with the President's remarks but added that at the Task Force meeting a member had asked for the contents of a binder to be condensed into a summary. He did not support this. It was for the member of the Task Force to read it and interpret it. Vice President Caen asked how many requests from the public the SFPUC received. There had to be some restriction on what the Commission wanted to see. Some type of summary format was needed, as the Commissioners did not have the time to review every document.

Mr. Klein responded that the SFPUC had a standard practice for receipt of public document requests either under Sunshine or requests for information. They were coordinated and tracked. Not all requests are specific enough to be addressed immediately, but most were and staff would be happy to give this to the Commission. He felt that the report on lack of responsiveness was somewhat exaggerated. President Makras suggested something similar to the "Letters Received" list that the Commissioners currently received. Mr. Klein concurred.

Commissioner Normandy requested that following the recent presentation to the Commission on the Communications Plan, that the Commission sees a priority list before proceeding with the Plan. He asked for a response quickly.

6. Introduction of New Business by Commissioners

Vice President Caen mentioned the tour she had recently taken of the Sunset Reservoir. She felt it had been extremely worthwhile and would be a good idea to video such sites and educate the public on the issues.

Commissioner Normandy stated the Commission had received various materials regarding the proposed Municipal Utilities District. Questions had been raised as to how the SFPUC would interact with it. He wanted to be sure that the Department was not caught flatfooted. He recommended that the SFPUC establish where it saw itself vis a vis the process and take a proactive stance allowing the SFPUC to feed into the concept. He did not want the Commission to be marginalized.

He also referred to a letter from Peter Beecher regarding fire protection sprinkler systems. Mr. Beecher had long been a diligent member of the public on this issue and Commissioner Normandy wanted to be sure that the Commission saw staff's reply to Mr. Beecher.

Commissioner Normandy also referred to the recent joint meeting with the Infrastructure Task Force where it had surfaced that the outreach to the Southeast community on the digester project was not as comprehensive as the Commission had been led to believe. Copiers of letters were given to the Commission, one from Supervisor Maxwell and a number of community activists who, it appeared, were not as ready to accept the project as was the Commission. He requested that members of the community not in sync with the SFPUC be invited to address the Commission so that it does not appear that the SFPUC has not heard from all parties. If in the CIP the proposed digesters are not high on a risk scale then it might be prudent to isolate them and address as an upgrade and improvement and not integral to the CIP.

Another item addressed by Commissioner Normandy was the Residential Users Appeals Board (RUAB) where there was a vacancy for someone with horticultural expertise. He wanted to hear from staff how soon this vacancy could be filled. Mr. Klein stated that he had signed letters recently to various horticultural and gardening groups so that the outreach was going forward.

Commissioner Normandy asked that the current members of RUAB be made aware of such efforts.

Commissioner Normandy also asked for an overview from staff of the impact on the operations of the SFPUC of the proposed blackouts this summer. This would assist the Commissioners in answering questions and decide whether further outreach was needed.

President Makras asked if there were backup generators and if not should they be put in immediately. Mr. Klein responded that a number of generators were ordered for Y2K based on longer than two-hour outages. He felt that a two-hour outage could be accommodated without interruption of service to anyone. The latest number being given was that there was likely to be as many as 20 outages between May 22 and the end of summer. Most of these would be for one or two hours. This would mean going through all 14 of the rotating blocks, twenty times. Staff would return to the Commission with more specific details.

Commissioner Normandy referred to a letter received from the legal representative of Temple Beth Jacob regarding rights of way. The letter appeared to give the SFPUC a deadline stating that unless a response was received then the lawyer and his client would be in agreement with the assumptions in the letter. He wanted to be sure that a reply be made promptly on the SFPUC's position.

Commissioner Normandy also referred to a communication from Alameda County Conservation District for support on securing grants. He emphasized the key role this group had played on the grazing program. He requested through the Chair that staff be supportive of their effort.

President Makras asked the question, that if Proposition H had not passed, and the Commission had taken on a 3% increase in rates or perhaps a 5%, what amount of money would have been accumulated and what amount of work would have been completed without the Proposition H restraints.

He asked for a compilation of a list of projects which would have been done if the SFPUC had had a free rein that could be tied to Prop. H. He continued that perhaps the point could be made that the passage of the Proposition had slowed down the CIP; projects normally under operations and maintenance had been thrown into long term repair and he would like to open up the dialogue to the fact that there was some responsibility and consequence to its passage. He also wanted to know with a 3% rate increase and a 5% rate increase what amount of bonds would we have sold, what work could have been done and that perhaps there was some shared responsibility.

President Makras also asked that the Commission be provided with an analysis for the first quarter of 2001 of the legal fees the SFPUC had paid for legal services showing how much per division/bureau and the projects or assignments. He wanted to know the energy spent for the results gained in the legal field of the SFPUC.

7. Report of the General Manager

Mr. Klein stated that at the joint meeting of the Commission and the Public Utilities Infrastructure Task Force it had been proposed that both groups get together in a workshop setting. He suggested the Commission could use the special meeting set for the morning on June 12 or have a special workshop to work with the Task Force.

Commissioner Bhatt was of the opinion that the Task Force should be included in the special meeting set for June 12. Commissioner Normandy concurred, but to separate the meeting into Phase 1 with the Task Force and Phase 2 a discussion of long range plans. Vice President Caen thought it should be a separate meeting altogether. Commissioner Cook stated that they had not responded to the Commission's workshop meetings so staff should ask them for their consensus and availability. The decision was to have a separate meeting. President Makras asked that staff supply them with all the documentation they had asked for prior to that meeting.

Mr. Klein stated he had just been handed a note regarding an emergency sewer collapse at a construction site. Tony Flores, City Distribution Division Manager, reported that OSHA was on site and there had been an injury, but that he thought the person was not seriously hurt.

Mr. Quan reported on several items under the General Manager's Report.

a. Northern California Chapter of the American Public Works Association awarded the Commission the *2001 Distinguished Project of the Year Award* for work done on restoring the Sunol Temple.

b. A Contractors Town Hall Meeting had been held on May 11 organized by Anna Wong of Utilities Engineering Bureau together with a number of other City departments. 106 people participated in the event. Overall, comments received were extremely favorable.

c. Owner Controlled Insurance Program (OCIP). Mr. Quan introduced Earl Fitzpatrick, City Risk Manager, and Marge Lane who ran the OCIP program on the Airport expansion. The Finance Bureau had done a report last year stating that significant potential savings could accrue to the SFPUC if the Department pursued an Owner Controlled Insurance Program. The difference between SFPUC projects and other programs is that the SFPUC has projects scattered throughout Northern California. The report concluded that the SFPUC should retain a consultant with expertise in this type of program. SFWA also identified potential savings through such a program. Their report was sent to the Commission earlier in May. Mr. Quan gave a presentation on the program and walked through the pros and cons. He also described the Contractor Controlled Insurance Program (CCIP) and its advantages and disadvantages. Mr. Quan stated that staff would go forward at the direction of the Commission and if so directed, would prepare an RFP to the Commission for approval at a later meeting.

   Commissioner Bhatt asked whether the Airport still had the program because he had heard that there had been problems with it. Mr. Quan said the Airport still had the OCIP program in place but it was winding down later in the year. Ms. Lane stated that there had been no problems with the insurance coverage and no problems with claims. The Airport's program was established in December 1994, originally for a six year period and was extended a year. Commissioner Normandy asked Mr. Quan if he was going to return to the Commission with the portions of the CIP to which an OCIP program might be applied. Mr. Quan responded that staff would craft an RFP to cover current projects with the anticipation of a following phase dependant upon passage of bonds.

   Commissioner Normandy stated that if this were the case it would be useful to have current and past usage of this type of program with particular

reference to the savings. He would also like to see in what way the processes were streamlined – actual case histories. He felt that an OCIP would be helpful to minority subcontractors.

Vice President Caen asked whether the administrative costs had been backed out of the savings gained. Mr. Quan answered in the affirmative and 1% to 3% was actual savings. Claims would obviously have to be factored in the final analysis. Vice President Caen asked what administration would be needed. Mr. Quan replied that there would have to be a Risk Manager, claims person, insurance brokers/carriers liaison - it would depend on the size of the program – it could be more. The Airport had nine people at its peak.

President Makras asked about professional liability for architects and engineers. Mr. Quan replied that currently on professional service contracts under the SFPUC the contractor had to include the City and County as an additional insured. The SFPUC did have E & O coverage on architects and engineers.

President Makras asked about the exit plan for the Airport. Ms. Lane stated that their program had ceased to include anyone under its program as of the beginning of May. There were still 152 contractors and subcontractors involved in the program. This will be terminated as of December 1, 2001. Sixty days prior the remaining contractors will be notified. Those contractors would have to provide evidence of their insurance coverage. The OCIP staff - 3 of the insurance carrier and 3 of the CCSF. Insurance carrier employees will stay until December 1 and return to their companies. The Airport will retain an insurance department and it is probable that the City staff will revert to this department. The OCIP plan general liability and builders risk have extended period of coverage so if there is any damage caused that is covered.

The Airport has signed on to general liability 3 years beyond the end of the contract and under builders risk 10 years.

President Makras asked why $100 million was a magic number for an OCIP program. The SFPUC had a $46 million contract approved, why did this not work as opposed to $100 million.

Ms. Lane responded that the reason was administrative cost. A 1% to 3% savings on a $100 million is $1 million. A lesser amount lessens the savings and it was not always feasible.

President Makras wondered if the City pooled jobs, it would be worthwhile. Ms. Lane responded that this could be done. CALTRANS were looking to do this but the City had a problem because of the various departments. She

was talking about a minimum of $100 million for a single project unless one was doing a rolling wrap-up which is what the SFPUC intended to do.

President Makras asked about the number of people on the project and the safety people. Ms. Lane responded that three of the people were safety professionals, a city member, a broker member and a member of the insurance carrier. At peak, they worked 12 hours a day. President Makras asked about the volume of construction handled by the remaining administrative people. Ms. Lane responded that at commencement of the project, there was approximately $200 million of construction, and it went up from there. The peak period lasted about 3 years. Currently the Airport was in the wind down mode with most of the contractors doing finishing work, jobs of approximately $30,000 to $50,000 each.

President Makras asked Earl Fitzpatrick if his office would endorse this program as Risk Manager for the City. Mr. Fitzpatrick answered in the affirmative. A recent State law allowed for projects in excess of $50 million - a rolling wrap-up. This would be good for the SFPUC to consider. With an RFP the City would ask the broker community and request their input as to whether OCIP/CCIP would be the best vehicle to use for the SFPUC.

If an OCIP is entered into, negotiations should be done at the outset for rates for the expanded construction down the line. These should be much lower than the initial rates for a $200 million project. Locking in a rate early would be beneficial.

President Makras stated that when the Program Management RFP was put out, four companies responded and all of them looked at this area as an area of significant savings. Who would save the most money – the contractors or the City?

Mr. Fitzpatrick stated that it would be advisable to go to the marketplace and see what it has to offer for both OCIP and CCIP. He felt that OCIP had more savings despite the additional administrative cost. John Kluesener of SFWA stated that the four companies mentioned had a broader base of projects to expand the opportunities. He stated that his company had ongoing deals with numerous insurers and brokers therefore they had the volume, experience and an administrative group in place. But proving the better way would be to take it out to bid with the options. President Makras asked how the marketplace would respond as the SFPUC did not have a safety program in place and how the risk would be assessed. Mr. Kluesener stated the City should go forward with a strong safety program regardless as quickly as possible. President Makras asked Mr. Quan whether plans were afoot to set up the safety program or would it be done under SFWA as it was not in the SFPUC budget. Mr. Quan responded that his group had initiated procedures which should be soon implemented.

SFWA were tasked to look at the SFPUC's construction management procedures. This should all be finalized within the next few weeks and the SFPUC would have its own safety program.

Commissioner Normandy remarked that going under $100 million was interesting because many of the subcontractors normally unable to be part of such a program would benefit. Even starting on the $50 million level it would be worthwhile. Mr. Fitzpatrick stated he would caution starting a $50 million OCIP program. Start with $200 million, then $50 million projects can be added in the future. The Insurance Companies profits kick in around the $100 million threshold. He stated that three months was the normal RFP process. Wrap ups are now more or less boiler plate but have to go to the Legislature. In six to nine months perhaps the program could start. He also added that MBE/WBEs would enter through this program.

President Makras stated that it appeared that such a program would save the City money and asked the Acting General Manager to bring a draft RFP to the Commission so that the program can be put in place as soon as possible. Mr. Quan would like to bring something back within two months and he had a list of projects to start the program.

Mr. Fitzpatrick stated that the analysis was not complete and at that time the Commission can make a decision as to whether OCIP or CCIP is the best approach. A draft RFP could possibly be ready by June 12.

8. Bay Area Water Users Association General Manager's Report

   a. Water Conservation Education Video

      Regarding the video, one of BAWUA members, Mid Peninsula Water District, (formerly Belmont) have combined their work in education with teaching in the Arts. BAWUA has sponsored a video of the process. Video will be available in June.

   b. Water Shortage Allocation Plan adoption status.

      Twenty Six of the 29 agencies have adopted the Water Shortage Allocation Plan and within three weeks the final three are expected.

9. Public Comments on matters not on today's agenda.

   There were no public comments.

REGULAR BUSINESS

10. Discussion and possible action related to Clean Water Program Contract No. CW-305E.

    Moved by Commissioner Normandy, seconded by Commissioner Cook to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 01-0117: Ratify the Declaration of Emergency for Clean Water Program Contract No. CW-305E, Tennessee/Cesar Chavez Streets Emergency Sewer Construction, and approve expenditure of funds in the amount of $189,000.

11. Discussion and possible action related to single residency occupancy hotels (SRO) sewer service charges.

    President Makras stated a member of the public has brought this to the Commission's attention regarding the fairness of the subject matter.

    Commissioner Bhatt moved to send a resolution to the Board approving that Residential Hotels should be given the lower sewer service charge. President Makras seconded.

    President Makras stated that it was a matter of real use and real rate. This would be a policy from the Commission to the Board on the fairness and the rate would be folded in to future budgets, even though the owner of the hotel is the beneficiary of a rate reduction.

    Commissioner Normandy concurred but that there was no resolution attached. Mr. Klein stated that this was brought for discussion only and then an action item could be brought forth at the next meeting.

    This was acceptable to the mover and seconder.

    Commissioner Cook stated that there were three issues of concern. First was revenue loss, secondly the administrative burden, thirdly if the buildings were rated as hotels, then the rate was appropriate. He did not feel that the SFPUC was the correct arena and the San Francisco ratepayers should not be subsidizing hotel owners.

    Vice President Caen raised the question of fairness and the loss of revenue of approximately $1.3 million to $1.6 million and that perhaps the matter would best be looked at after Proposition H is over.

Commissioner Normandy stated he was confused. He thought that a decision had been made at the last Commission meeting that this matter was out of the jurisdiction of the SFPUC and that the Commission was going to propose that the Board of Supervisor address it.

Commissioner Cook asked if the rate reduction took place would the hotel residents get a pass through rate reduction in rent. It appeared to him with regard to the fairness issue, that the hotel owners would benefit the most.

Commissioner Bhatt stated that these hotels were low income hotels and the charge to their residents was very low to start with compared to the standard five or four-star hotels.

President Makras referred to page two of the Calendar item, quoting classes of residential hotels as residential units, he suggested adding "as to rate fees only."

Bill Laws, Rate Administrator, stated that given the number of alternatives raised, that staff should return with several different resolutions to give the Commission options. President Makras accepted this.

Commissioner Cook still felt that the question had not been answered as to whether the SFPUC was the right body to take on this matter. The type of building classification was not made by the Public Utilities Commission but by another agency. Bill Laws, felt that the SFPUC was the right place as the SFPUC is the agency that recommends to the Mayor and the Board the rates to be charged. This item had a rate impact which would reduced the revenues of the Clean Water Program for the foreseeable future. He explained that the definition of a Hotel was in the Planning Code; however, within the sewer use ordinance, there was a definition of a residential property.

President Makras closed the debate with the request to staff to come back to the Commission with options.

CONSTRUCTION CONTRACTS

Advertise

12. Discussion and possible action related to SFPUC Contract No. WD-2369. (Continued from the meeting of May 8, 2001.)

    Staff Recommendation: Approve the plans and specifications; and authorize the Utilities Engineering Bureau Manager to advertise for bids for SFPUC Contract No. WD-2369, Baylands Recovery Project at the former Peninsula Sportsmen's Club-Phase 1.

President Makras moved to continue the item to the next meeting as the City Attorney's office were looking at some issues. He directed staff to meet with members of East Palo Alto and Menlo Park within the next ten days to apprise them of the issues involved.

Moved by Commissioner Makras, seconded by Commissioner Normandy, to continue Item 12 to the next regular meeting scheduled for June 12, 2001; passed (5-0) unanimously.

Moved by Commissioner Normandy, seconded by Commissioner Cook to adopt Item Nos. 13, 14, and 15 collectively; passed (5-0) unanimously.

13. Resolution No. 01-0118: Approve the plans and specifications for Contract No. WD-2356, Harry Tracy Water Treatment Plant Re-roofing, and authorize the Utilities Engineering Bureau Manager to advertise for bids.

Regarding WD-2356, President Makras asked when the Harry Tracy Water Treatment Plant had been finished. Mr. Quan stated that additions had occurred in the late 1980s. The Main Plant was finished in 1969.

President Makras wondered why asbestos materials were being disposed of now. Mr.Quan thought the asbestos was just in the main area. Mike Pierron, Architect for the project, stated that the asbestos was in the old portion.

14. Resolution No. 01-0119: Approve the plans and specifications for Contract No. CW-268, 15th/Hancock/Walter Streets Sewer Replacement and Pavement Renovation, and authorize the Utilities Engineering Bureau Manager to advertise for bids.

15. Resolution No. 01-0120: Approve the plans and specifications for Contract No. CW-271, Folsom/Townsend/York/Rhode Island Streets Sewer Replacement, and authorize the Utilities Engineering Bureau Manager to advertise for bids.

PROFESSIONAL SERVICE CONTRACTS

Amend

16. Discussion and possible action related to Hetch Hetchy Water Treatment Project – Chloramine Conversion Project.

    President Makras asked why this had not been written into the original scope of work. Patty Mallett, Project Manager, replied that originally the scope of work was specific to the EIR but it had a permitting task that was also needed.

    Vice President Caen asked if the project was still going to be completed in June, 2003. Ms. Mallett stated that she was only referring to the EIR professional services agreement that was to be extended not the conversion itself. Permitting and monitoring was necessary throughout construction. President Makras asked whether or not this could be folded into the construction contract. Ms. Mallet said the construction contractor would not be as diligent or care as much as the SFPUC about relationships with the Department of Fish & Game and Fish and Wildlife Service, but it could be done that way.

    Moved by Commissioner Cook, seconded by Commissioner Bhatt to adopt the following resolution; passed (5-0) unanimously.

    Resolution No. 01-0121: Authorize the Utilities Engineering Bureau Manager to execute Amendment No. 1 to professional service agreement CS-506 with the ESA-Orion Joint Venture extending the agreement duration by 30 months to June 2003.

CLOSED SESSION

17. Public comments on matters to be discussed in Closed Session.

    There were none.

18. Motion on whether to assert the attorney-client privilege regarding the matters listed below as Conference with Legal Counsel.

    Moved by Commissioner Normandy, seconded by Commissioner Bhatt, to assert the attorney-client privilege; passed (5-0) unanimously.

The Public Utilities Commission met in Closed Session at 3:58 P.M. to discuss the following matters:

19. Conference with Real Property Negotiator - Pursuant to Government Code Section 54956.8:

Property:	Balboa Reservoir
Parties Negotiating:	CCSF – Dowd/Kubick
Under Negotiation:	MOU

Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, Acting SFPUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill Thompson, Gary Dowd, Commercial Land Manager, and Karen Kubick, Project Manager.

No action was taken.

20. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(b)(3)(A):

Anticipated Litigation:	As Defendant Regarding Hetch Hetchy Water and Power Contract Disputes.

Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, Acting SFPUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, Commission Secretary Jill Thompson, and Acting General Manager of Hetch Hetchy Water & Power Laurie Park.

No action was taken.

21. Conference with Legal Counsel – Pursuant to Government Code Section 54956.9(a):

Existing Litigation:	Stella Cervantes, Claim No. 01-01778.

Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, Acting SFPUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill Thompson.

Moved by Commissioner Cook, seconded by Commissioner Normandy to recommend a settlement; passed (5-0) unanimously.

Resolution No. 01-0122:	Recommend a settlement in the case of Stella Cervantes, Claim No. 01-01778.

22. Public Employee Appointment/Hiring - Pursuant to Government Code Section 54957 and San Francisco Administrative Code Section 67.10(b):

Position: General Manager, Public Utilities

Present were President Makras, Commissioner Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, SFPUC General Manager John P. Mullane, Jr., Utilities General Counsel Vicki Clayton, and Commission Secretary Jill R. Thompson.

No action was taken.

22a. Conference with Legal Counsel – Pursuant to Government Code Section 54954.5 (c) and 54956.9 (b):

Anticipated Litigation: As Defendant

Present were President Makras, Vice President Caen, Commissioner Normandy, Commissioner Cook, Commissioner Bhatt, Acting SFPUC General Manager Lawrence T. Klein, Utilities General Counsel Vicki Clayton, and Commission Secretary Jill Thompson.

President Makras stated he wanted to state for the record and be mentioned in the minutes that with respect to Item 22a; this item was regarding potential litigation in connection with possible violation of the bond requirement with the Proposition A and B bonds.

No action was taken.

Following the Closed Session, the Commission reconvened in open session at 4:55 P.M.

23. Announcement following Closed Session.

President Makras announced the action taken during Closed Session.

24. Motion regarding whether to disclose the discussions during Closed Session.

Moved by Commissioner Normandy, seconded by Commissioner Cook, not to disclose the discussions during Closed Session; passed (5-0) unanimously.

Thereupon, the meeting was adjourned: 4:58 P.M.

Jill R. Thompson
Secretary